FINANCIAL TIMES

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WORLD NEWS

BBC Libya coverage defended

Sir William Rees-Mogg, vice-chairman of the BBC's board of governors at the time of the US air strike on Libya in April, attacked Conservative party chairman Norman Tebbit for his criticism of the corporation's coverage of the bombing raid.

Opposition leaders called on the BBC governors to make a statement reasserting the corporation's independence. There were also signs of disquiet among Tory backbenchers. Page 4

Australia steps in

Australia is to represent British interests in Syria following the break in diplomatic relations between London and Damascus.

Severn Bridge toll

UK Government won court approval for plans to double toll charges on the Severn Bridge. Page 4

Waite revives mission

The Archbishop of Canterbury's envoy Terry Waite flew to Larnaca, Cyprus, from Beirut after announcing progress in fresh efforts to free US hostages in Lebanon.

Border security deal

Further measures for tightening cross-border security between Northern Ireland and the Irish republic were agreed in London. Page 4

Murdoch sets deadline

Printworkers sacked by Mr Rupert Murdoch's News International have been given until November 10 to apply for individual compensation payments. Page 5

Israeli kidnap claim

Scotland Yard said there was no evidence to substantiate a newspaper report that Mordechai Vanunu, a nuclear technician, was snatched in London by Israeli agents, and flown home in a crate as diplomatic baggage. Intelligence agencies fall out, Page 3

Prison officer released

A prison officer was released by inmates at Saughton jail, Edinburgh, who had held him since Monday. A newspaper published a letter from his six captors alleging brutality at Peterhead jail. Talks are continuing with three who have yet to surrender.

Ban on S African airline

Australia has given South Africa formal notice that it will terminate landing rights for South African Airways in 12 months. The decision will close Australian air links with the republic because Australia's national airline, Qantas, does not fly to South Africa.

Hasenfus silent

US airman Eugene Hasenfus refused to give evidence before a Nicaraguan tribunal trying him for crimes against the left-wing Sandinista government.

Mafia trial

The Italian foreign and justice ministers are to be questioned next month by the Palermo court conducting the country's biggest Mafia trial.

Karachi curfew

An indefinite curfew was ordered in parts of the Pakistani cities of Karachi and Hyderabad after ethnic clashes in which at least six were killed.

Reactors delayed

Britain's latest nuclear reactors at Heysham, Lancashire and Torness near Edinburgh, have shown wear on reactor control rods during trials and their commissioning will be delayed. Page 4

BUSINESS SUMMARY

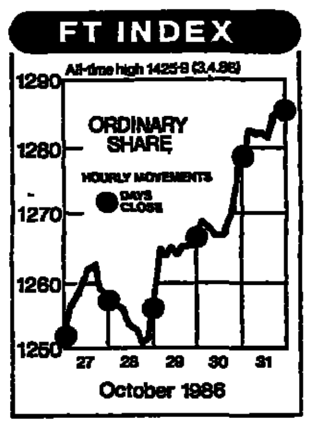
Avis Europe issue poorly supported

AVIS Europe's £278m flotation in London has failed with about one-third of the 72m shares offered left with the underwriters.

UK institutions virtually boycotted the 250p a share issue, claiming it was overpriced. Back Page and Lex

OIL prices rose further in response to Saudi Arabia's stated intention of achieving a minimum level of $18 a barrel. The spot price of Brent crude reached $14.90, up $1. Back Page

EQUITIES where boosted by the prospect of renewed Opec efforts to bolster crude oil prices.



The FT Ordinary Share Index closed 6.3 higher at 1,285.4, giving a rise of 33.8 on the week. Page 11

BRITAIN'S new investor protection system will not be fully in operation until at least late autumn of next year, it emerged. Back Page; City bill changes approved, Page 3

CHASE Manhattan of the US may remove its traders from the floor of the London Stock Exchange in line with other firms. Back Page

KLEINWORT Benson Lonsdale, merchant bank, is to offer for sale most of its stake in M & G Group, the unit trust and financial services company. The deal will raise about £80m. Back Page

GOLD fell below $400 an ounce in London for the first time in two months before closing $5.875 down on the day $400.625, as the dollar rose in response to news of the Japanese-US accord on the yen. Commodities, Page 9

AETNA LIFE, US insurance company, increased net profits in the third quarter to $198.9m (£141.5m) from $111.5m. Page 9

LEAR SIEGLER, US aerospace, automotive products and electronics group, faces a planned $1.51bn (£1.07bn) takeover bid. Page 9

OLIVETTI vice-president Elserino Piol forecast at an FT conference on personal computers that the number of manufacturers worldwide would fall sharply next year. Page 5

WEST GERMANY'S financially-troubled DGB trade union plans to sell its stake in the BfG bank. Page 9

LONRHO, international trading group, intends to appeal against a Scottish court ruling allowing House of Fraser in which Lonrho is a preference shareholder, to become a private company. Page 8

MIDLAND BANK is considering plans to close 450 branches and shed 3,700 staff by the end of 1989, according to the Banking, Insurance and Finance Union. Page 5; Investment banking arm change, Page 4

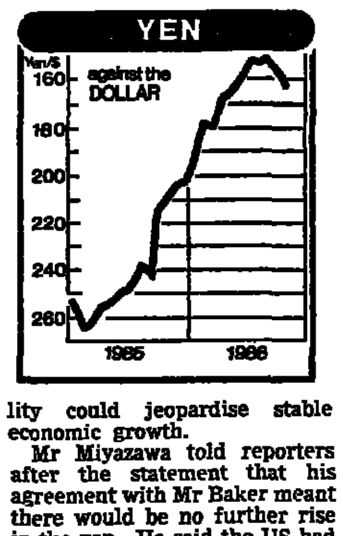
NORTHERN FOODS, Hull-based foods company, is selling most of its remaining US operations to its minority partner for $72.8m (£52m). Page 8

US and Japan agree to promote growth and stable currencies

BY OUR FOREIGN AND ECONOMIC STAFF

THE UNITED STATES and Japan yesterday said they had reached a new co-operative agreement aimed to stimulate economic growth in their two countries and the world, reduce global trade imbalances and stabilise exchange rates.

Mr James Baker, US Treasury Secretary, and Mr Kiichi Miyazawa, Japan's Finance Minister, outlined their agreement in a joint statement which took markets by surprise and triggered another wave of dollar buying on foreign exchanges.



A key component of the package was a 0.5 percentage point cut in Japan's official discount rate, to 3 per cent. This is the fourth time the Japanese discount rae has been cut this year. It is now at its lowest level since 1945.

Japan had been expected to cut rates in a response to flagging of growth economy and to complaints from its industrialists, particularly exporters, who have had to bear the burden of the recent stdength of the yen.

Mr Baker and Mr Miyazawa reaffirmed their willingness to co-operate on exchange market issues, saying they shared the view that exchange rate instability could jeopardise stable economic growth.

Mr Miyazawa told reporters after the statement that his agreement with Mr Baker meant there would be no further rise in the yen. He said the US had now stopped talking the yen up and would consider joint intervention if necessary to stabilise foreign exchange market.

But a senior US Treasury official in Washington stressed yesterday that there was no commitment to any particular action to intervene on exchange rates. This represented the first crack in the unanimity of the new accord.

West Germany quickly moved to stress its independence of the agreement. Mr Gerhard Stoltenberg, the West German Finance Minister, yesterday welcomed the Japanese bank rate cut as a reaction to signs of flagging economic growth in Japan.

His ministry, however, made clear that West Germany had no intention to effect any further stimulation for the moment. This was because the German economy was still relatively buoyant, heading for growth of about 3 per cent this year and next.

As well as the discount rate cut, Japan announced other measures to stimulate its economy. Mr Miyazawa said he would submit a supplementary budget to the Japanese Parliament so as to implement the Y3,600bn (£15.7bn) package, announced in September, that is to provide what he called a substantial stimulus to the Japanese economy.

He said this stimulus would be achieved through additional investments in such key areas as public works, housing and construction. The Japanese Government would monitor progress in implementing the

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Japan and US forge link on yen, Page 2; Editorial Comment, Page 6

British Gas sale target likely to be £5.5bn

BY MAX WILKINSON, RESOURCES EDITOR

THE Government's target for the sale of British Gas next month appears to be about £5.5bn, with up to £3¼bn raised from private investors, it emerged yesterday.

N. M. Rothschild and Sons, the Government's advisers, published the "pathfinder" prospectus for the issue, giving most details of the offer except the price. That has yet to be fixed.

It said, however, that the maximum price would be £1.50 for each of the 4,025.5m shares tot be offered for sale, which puts a maximum value on the company of £6bn. The actual value is certaain, however, to be significantly lower.

It was also announced that nearly three-fifths of the shares would be sold to small investors if demand proved strong enough. Feeling is growing among officials that it will.

Mr Michael Richardson, managing director of N. M. Rothschild, said: "Unprecedented interest has already been shown in this flotation." More than 6m inquiries had been received, twice as many as in any other share offer.

The Government's target is ambitious. If the 6m people who have so far expressed interest between them took up the near 60 per cent the Government is prepared to allocate to small investors, their average stake would need to be more than £500 for the apparent target of £5.5bn for the total sale to be met.

Special incentives for small investors and the method of payment in three stages — also announced yesterday — means that a small investor could hope to realise about 15 per cent on the money that he or she would be due to pay out in the first seven months.

Average yield

That would be equivalent to an annual rate of almost 30 per cent. However, that would only be a short-term profits for those who could then sell their shares. Excluding bonuses and special incentives, the average yield is likely to be about 6¼ per cent to 7 per cent.

The prospectus forecasts that aftertax profits in the year ending March 31, 1987, will rise 10 per cent on a current-cost accounting basis. However, that is largely due to a technical adjustment to working capital requirements because of the fall in oil prices. On a historic cost basis, after-tax profits are expected to fall slightly.

Had British Gas been privatised for the whole of this financial year under the arrangements now proposed, the propectus says dividends would have been expected to be 6.5p a share. That represents a payout of £216m, a figure considerd in the City to be conservative in relation to after-tax profits of 442m.

That dividend would give investors a gross yield of 6 per cent at the maximum offer price of £1.50 a share. The indications are, however, that the Government will seek to raise the exepcted yield to about 6.5 per cent with a price of about £1.40 a share.

The final price will depend on ministre's assessment fo the market and on the enthusiasm of the general public just before the price for the offer is announced on November 21. Investors will have until 10 an on December 3 to send in their aplications.

Bonus shares

The minimum stake ha sbeen set very low at only 100 shares. However, the Government is clearly trying to attract the better-off private investor as well. Bonus shares for those who keep their investment for three years will be paid in the ratio of one for 10 up to a maximum holding of 5,000 shares.

Payment for the shares will be in three stages, with only 50p a share due at the time of the offer. The second instalment (not yet fixed, but probably also 50p) will be due in early June next year with the final payment in April 1988.

About two-fifths of the shares will be allocated to British Gas customers and small investors, with two-fifths for the institutions, and the rest to be sold in the US, Canada, continental Europe and Japan. However, if demand from private investors is strong, the allocation to institutions and overseas markets will be scaled down to give UK private investors about 58 per cent.

One key to the strategy for the flotation is to create strong demand from the general public so that the price will rise after the flotation as institutions compete to add British Gas shares to their portfolios.

As one official said yesterday: "The idea is that many people will buy shares for the first time and find out how they can benefit from capitalism."

Details, Page 5; Learning the TSB lesson, Weekend VII, Lex, Back Page

Scottish teachers' union urges renewed strikes

BY DAVID BRINDLE AND RAYMOND HUGHES

THE GOVERNMENT's attempt to secure a lasting settlement of the teachers' pay issue looked last night in danger of triggering fresh disruption after leaders of the main union for Scottish teachers recommended a resumption of strikes.

The executive committee of the Educational Institute of Scotland (EIS) voted unanimously to urge rejection of the Government's pay and employment contract proposals, the holding of a one-day strike and the preparation of a fresh long-term campaign of disruption in schools.

The move seems certain to have repercussions south of the border. The National Union of Teachers, which yesterday confirmed it would continue negotiating an agreement with the local authority employers in defiance of the Government's terms, is a close ally of the EIS.

Meanwhile, the air was further soured yesterday when Hampshire and North Yorkshire county councils won High Court injunctions against the National Association of Schoolmasters/Union of Women Teachers, (NAS/UWT) the second-biggest union in schools in England and Wales, banning planned half-day strikes next week in opposition to the employers' proposals.

The beginning of action by the EIS in 1984 opened the teachers' pay disputes. Disruption in Scotland was far more extensive than in England and Wales and the 45,000-strong union has re-built a £1.5m fighting fund for the eventupality of further strikes.

Behind yesterday's decision by the union's leadership is the belief that the recommendations of the Main Committee, set up to consider the pay issue in Scotland when strikes were halted earlier this year, have been compromised by the Government to extend them to England and Wales.

The Government has offered all teachers a two-stage pay rise worth an average 16.4 per cent over two years, tied to tight contract conditions. This was the figure recommended by Main, but the committee had said there should be a single, immediate increase and that its recommendations were "indivisible."

The EIS said yesterday: "The Secretary of State's posture that teachers must accept an indivisible package, but that the Government need not do so, is hypocritical and is a breach of faith with the teachers, pupils and parents of Scotland."

The union's executive will urge a delegate conference next Saturday to cal la secret ballot on the Government's proposals and to campaign for rejection of them. The conference will also be recommended to call, in anticipation of a vote against the proposals for an "immediate" one-day strike, for intensification of the present work-to-contract sanctions and for planning of further action.

The conference will take place simultaneously with the opening in Nottingham of negotiations between the teachers' union and employers in England and Wales, aimed at finalising a pay and contract deal which would ignore the Government's proposals.

The executive committees of the NUT and the NAS/UWT met yesterday and agreed to attend the Nottingham talks in spite of the Government's threat to legislate to impose its terms. The NAS/UWT is to press on with most of its series of half-day strikes regardless of yesterday's High Court injunctions, which it will observe in the two countries concerned.

Goodison says SE changes have met most objectives

BY ALAN CANE

THE London Stock Exchange ended the most momentous week in its history on an unexpectedly high note yesterday with Sir Nicholas Goodison, the exchange's chairman, hailing its performance during Big Bang as "unparalleled." The main objectives of the changes in the market had all been successfully achieved.

The echoes of the computer systems collapse which marred the first days of trading, however, continued to reverberate.

The modification to the exchange's troubled electronic information system to provide extra capacity will not be completed until July, it was admitted last night.

Software to control the storage of information in the system will be installed in January but the complex job of programming the system, so that it can provide a satisfactory service to the market, will not be complete for another six months.

"Back office" (settlement) staff from several major market makers are working this morning to try to clear a backlog of about 28,000 unmatched bargains which have been building up during the week.

Sir Nicholas said that the abolition of fixed commissions and the move to dual capacity, ending the distinction between brokers and jobbers, had succeeded as intended in increasing the level of competition and making the market visible.

The "touch" price, the difference between the best bid and best offer, had narrowed and in some cases disappeared completely, he claimed. Between two thirds and three quarters of the business previously done on the market floor had now moved upstairs. Competition had significantly increased.

Institutional commissions had been reduced by 40 per cent to 0.2 per cent for the largest clients, and commission rates did not seem to have risen on small bargains. That, Sir Nicholas said, suggested that the large institutions were not profiting so far at the expense of the private investor.

Mr George Hayter, information service director, said software changes already implemented were improving the performance of the system. He thought information services including Extel prices and foreign exchange prices which had been suspended to lighten the load on the overburdened Topic computers would be restored "within weeks."

Amon gthe immediate measures announced last night to keep the system running is the withdrawal of the Stock Exchange Automated Quotations Level I investor service which

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City Revolution—Shadow at dawn, Page 6; Year wait for investor protection, Back Page; Tradition crumbles, Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 2.063
FFr 6.725
SFr 1.71275
Y163.45
London:
DM 2.0590 (2.0525)
FFr 6.7175 (6.7025)
SFr 1.7105 (1.7020)
Y163.4 (161.8)
Dollar index 112.6 (111.9)
Tokyo close Y161.45

US LUNCHTIME RATES

Fed Funds 5¹³⁄₁₆%
3-month Treasury Bills: yield 5.19%
Long Bond: 95¼
yield: 7.61%

GOLD

New York: Comex Dec latest $404.3
London: $400.625 ($406.5)

STERLING

New York lunchtime $1.4055
London: $1.4055 (1.396)
DM 2.895 (2.865)
FFr 9.4425 (9.355)
SFr 2.405 (2.375)
Y229.5 (225.75)
Sterling index 68.4 (67.7)

LONDON MONEY

3-month interbank: closing rate 11⁷⁄₁₆% (11¼)

NORTH SEA OIL

Brent 15-day Nov (Argus), $14.35 ($13.70)

STOCK INDICES

FT Ord 1285.4 (+6.3)
FT-A All Share 807.27 (+0.8%)
FT-SE 100 1632.1 (+16.3)
FT-A long gilt yield index: High coupon 10.46 (10.52)
New York lunchtime: DJ Ind Av 1869.52 (−8.85)
Tokyo: Nikkei 16910.63 (−100.32)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Cyprus C£0.75; Denmark DKr 8; France FFr 6.50; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 7.00; Switzerland SFr 2.20.

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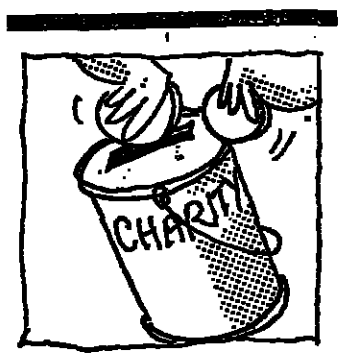

FINANCE

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The BBC launched the world's first regular television service 50 years ago—when a set cost as much as a car. Page XVIII

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The Rodin exhibition opens at the Hayward Gallery in London. Page XXI

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مكثر من الأصل

OVERSEAS NEWS

BREAKDOWN OF WIDER CONSENSUS BEHIND INTEREST AND EXCHANGE RATE DEAL

Japan and US forge bilateral link on yen

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

YESTERDAY'S deal on interest and exchange rates between the US and Japan was perhaps the inevitable result of the recent fracturing in the wider consensus on international economic co-ordination between leading industrial nations.

The trend towards bilateral rather than multilateral co-operation emerged at last month's meetings between finance ministers and central bankers of the Group of Five countries in Washington.

Mr James Baker, the US Treasury Secretary, who had been pushing for faster growth in other leading economies to help reduce the massive US trade deficit, did little to hide his frustration with the refusal of European governments to respond.

The spirit of last year's Plaza accord between the US, Japan, West Germany, France and Britain, appeared to have all but evaporated as the Five announced they could reach no consensus on co-ordination of exchange and interest rates.

With West Germany in particular insisting that it would not take risks with inflation by cutting interest rates, the US refused to give a commitment to stabilise the dollar and was clearly looking to Tokyo for a separate deal.

It is perhaps significant that Washington gave European governments less than a day's notice of the deal with Japan, in spite of its potential implications for the value of their currencies both against the dollar and yen.

The public criticism of European attitudes by US officials has contrasted sharply with their conciliatory comments on Japan's efforts to maintain the momentum of its economy.

The Y3,600bn ($15.9bn) package of fiscal measures announced in September by the Japanese Government to stimulate its economy was greeted with scepticism by European officials. But the US Administration called it a sign of Japan's awareness of its international responsibilities.

Mr Kiichi Miyazawa, who took over as Japan's Finance Minister after last summer's elections, impressed Washington as having a much more internationalist perspective than his predecessor Mr Noburu Takeshita.

The logic of bilateral deal is obvious. Japan's $55bn (£39bn) annual trade surplus with the US represents the largest imbalance in the world economy and has been a key factor in the build-up of protectionist pressure in the US.

At the same time the counterpart to that trade surplus—massive outflows of capital from Japan—is vital for the US in order to finance its budget deficit at current interest rates.

So while Washington wants to see a gradual run-down of its trade deficit with Tokyo—principally through faster economic growth and more open markets in Japan—it needs to ensure that there is no sudden disruption of the flow of Japanese capital into US Treasury bonds.

Japan, while acknowledging that over the long term its trade surplus would have to decline, wanted to slow the pace of adjustment in its economy by stabilising the yen after its more than 30 per cent appreciation during the last year.

Although the interdependence is clear, it is more difficult in the immediate aftermath of yesterday's announcement to assess exactly what each side will get from the deal.

"I'm puzzled about who's actually winning out of this. I am fairly confident about the gains for Japan but less sure of what the Americans have got" one senior European official said after studying the agreement.

For Japan the most obvious plus is the agreement to seek to prevent a further appreciation in the yen's value, which will give its politically powerful exporters a respite after the steep decline in their competitiveness over the last year.

Japan has bought about $15bn on foreign exchange markets this year in an attempt to slow the yen's rise. Mr Baker has now given Tokyo a commitment that he specifically refused to West Germany and other European nations at the Group of Five meeting in Washington.

That, coupled with the reduction in the Japanese discount rate, should improve the outlook for the struggling Japanese economy, allowing more time for a shift towards domestic growth and perhaps improving employment prospects.

For the US the gains look less tangible. It has given up its main lever to secure faster growth in Japan—the threat that it would seek a further devaluation of the dollar.

At first sight it has gained in return only a ¼ point cut in the Japanese discount rate, which was anyway beginning to look inevitable, and a renewed commitment from Tokyo that it will implement its proposed fiscal package.

The ambitious plans for the overhaul of the Japanese tax system announced as part of the deal were yesterday intriguing European officials. Their initial reaction, however, was that the planned changes were so far-reaching that it would be extraordinary if they won sufficient political backing to be implemented.

Some officials were wondering if the agreement included an unannounced commitment by the Japanese to soften its position in several bilateral trade disputes with the US—such as those over cars and rice. That in turn could be used by the Administration to dampen protectionist pressures in Congress.

There is one potential gain for the US, however, which may be provoking some disquiet in European capitals. If the dollar were to come under renewed pressure on the foreign exchange markets the pressure might be felt almost entirely by European currencies and in particular by the D-Mark. The US may have given up its lever as far as Japan is concerned, but strengthened it in its relations with Europe.

Tokyo announces record $9.8bn monthly trade surplus

BY CARLA RAPOPORT

JAPAN'S HUGE trade imbalance with the rest of the world continued to break records in September as the country's trade surplus hit a record $9.8bn, up from $8.1bn in August.

The continued string of record trade figures have become an embarrassment to the Japanese, who say they are restructuring their economy away from export-led growth following the appreciation of the yen. Japanese Government officials and economists, however, now say that Japan's trade surplus will soon hit a peak and start shrinking markedly by the end of this year or early next.

According to figures released yesterday by the Ministry of Finance, Japan's current account surplus in September was also a record of $9.1bn, compared to $7bn in August. Exports in the month came to $18.7bn, compared with $16.6bn in August.

MoF officials said yesterday that as in August, Japan's leading exports last month were car parts and office equipment. Japan's main export markets remained the US, Europe and Southeast Asian countries.

Imports were up slightly in the month, largely because of the increase in energy prices. Imports totalled $8.9bn in September, compared with $8.5bn a month earlier.

For the first half of fiscal 1986, exports rose 22.4 per cent over the same period of the previous year, to a record $106bn. Imports dipped by 3.1 per cent to $55.6bn.

Japanese capital continued to pour out of Japan at a record rate in September, largely as exchange rates between the yen and the dollar appeared to have stabilised. Japan's long-term capital account registered a record deficit of $67.4bn, for the six months. In September, the long-term capital account showed a monthly record of a $13.4bn deficit. August's deficit in the long-term capital balance was $13.2bn.

Government officials yesterday stressed that September's record current account surplus largely reflected the effects of the strong yen, which has swelled the dollar-based figures and reduced the cost of imports.

Rise in US economic index aids Reagan

By Nancy Dunne in Washington

THE US index of leading economic indicators, the Commerce Department's chief economic forecasting gauge, rose 0.4 per cent in September, providing fresh evidence that the economy has not run out of steam.

The department, which released the index yesterday, had more good news for the Reagan Administration, as it fights to hold on to control of the Senate: a jump in factory orders of $8bn (£4.73bn), or 3.4 per cent, in September, the strongest increase for nearly two years.

President Reagan, out on the campaign trail this week, has been predicting an economic boom. Recent statistics, backing his optimistic claims, indicate that the combination of lower interest rates, a lower dollar against some key currencies and continued defence spending are fuelling the economy, at least in the short term.

On Thursday the department reported a slight improvement in the merchandise trade deficit, an estimated $12.6bn in September, down from a revised $14bn in August.

Also on Thursday, the Department reported a surge in new home sales. They rose 18.6 per cent in September, after five consecutive monthly falls.

Earlier this month, the preliminary gross national product was estimated at 2.4 per cent, a marked increase in economic activity over the 0.6 per cent in the spring. New orders for manufactured durable goods rose 4.9 per cent for September, the largest one-month increase since November 1984.

Seven of the 11 department indicators were higher. These included manufacturers' new orders for consumer goods and materials, net business formation, contracts and orders for plant and equipment and money supply figures.

The department's index of coincident indicators, designed to rise and fall with economic activity, fell 0.1 per cent in September. The composite index of lagging indicators, which tends to trail economy trends, decreased 0.5 per cent.

Bokassa for trial

Former emperor Jean-Bedel Bokassa of the Central African Republic is to stand trial again for murder and embezzlement, for which he was sentenced to death in his absence, President Andre Kotingba announced, Reuter writes from Bangui.

President Kolinbga told a rally that Bokassa returned from exile last week with the aim of plunging into chaos the country he ruled from 1966 to 1979.

Bokassa, 65, returned unexpectedly from exile in France and was promptly arrested at Bangui airport.

Text of Baker and Miyazawa agreement

THE FOLLOWING is an edited version of the text of Japan-US agreement on the stabilisation of exchange rates.

US Secretary of the Treasury James A. Baker III and Japanese Finance Minister Kiichi Miyazawa announced that, as part of the ongoing dialogue between the US and Japan on economic, trade and financial issues, they have reached agreement on co-operative action and understanding regarding a number of economic issues of mutual concern.

Both Ministers stressed the importance of continuing co-operative action by Japan and the US to address global economic problems.

In this connection, Minister Miyazawa outlined the following actions being taken by Japan to help fulfil its responsibilities in the world economy.

- The Government of Japan has decided to submit to the Diet a supplementary budget in order to implement the Y3.6 trillion package announced in September, designed to provide a substantial stimulus to the Japanese economy. This stimulus will be achieved through additional investments in key areas such as public works, housing, and construction.
- The Japanese Government intends to put in place, as soon as possible after Diet approval, a tax reform plan, including reduction in the marginal tax rates for both personal and corporate income.
- The Bank of Japan has decided today to reduce its discount rate from 3.5 per cent to 3 per cent, effective November 1, 1986.

Secretary Baker welcomed the actions and plans of Japan to stimulate growth and to reduce imbalances.

Mr Baker stated that the US:

- Remains fully committed to significant and steady reductions in the US budget deficit, consistent with the Gramm-Rudman-Hollings Act.
- Has continued to resist protectionist pressures and work towards free and fair trade.

Economic package a coup for finance chief

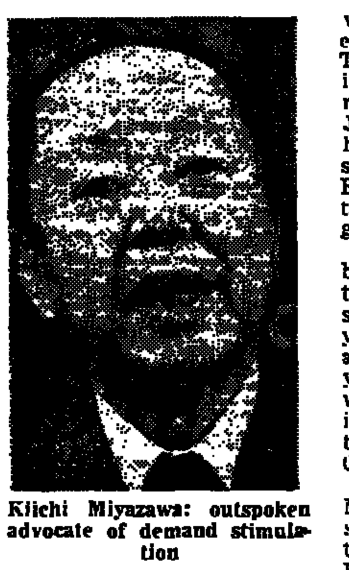
BY OUR TOKYO CORRESPONDENT

WHILE THE majority of Japanese businessmen were enjoying their ritual Friday evening drinks, Finance Minister Kiichi Miyazawa was somberly announcing yesterday's economic agreements with the US. Although the Japanese have the week-end to digest the package, it was already clear last night that the move was a timely domestic coup for both Mr Miyazawa and Prime Minister Yasuhiro Nakasone.

Japan's economy has slipped into low gear. With the dollar hovering around Y150 to Y155 for the past few months, compared to Y240 only a year ago, Japanese exporters have been sustaining significant losses.

In industries with structural overcapacity, such as steel, coal and shipbuilding, lay-offs have already begun in earnest. For a country used to negligible unemployment levels, the prospect of further appreciation of the yen and wider unemployment was beginning to look politically dangerous.

Senior industrialists in Japan have been bending the Government's ear, complaining that something had to be done. The three economic measures rolled out again in last night's package with the Americans—tax reform, a supplementary budget and a further cut in Japan's discount rate — have already been widely criticised as too little, too late or too soon to tell.



Kiichi Miyazawa: outspoken advocate of demand stimulation

Now, however, these measures have been handed over to the Americans as justification for US help on two things close to Japanese hearts: stable exchange rates and resistance to protectionist measures.

Indeed, only a few hours before the Miyazawa-Baker statement, Mr Yoh Kurasawa, deputy president of the powerful Industrial Bank of Japan, was telling Western reporters that yesterday's discount rate cut, Japan's fourth this year, wouldn't have much, if any effect, on the economy's growth. This is because Japanese interest rates are already at record low levels and most large Japanese companies are not highly geared. In fact some, such as Toyota and Matsushita Electric, have cash mountains that would make a Rockefeller green.

As to the supplementary budget, Mr Miyazawa neglected to point out that Japan has a supplementary budget every year. This one amounts to about a 16 per cent increase over last year's, but cutbacks elsewhere will mean that its overall impact is likely to be no more than 0.1 to 0.2 per cent extra on GNP growth.

On the tax reform package, Mr Miyazawa also neglected to say that the issue is now before the ruling Liberal Democratic Party's Tax Commission, headed by Mr N. Yamanaka, a member of the Nakasone faction, but a man who has never hid his dislike of the Prime Minister.

When Mr Yamanaka was asked his opinion of the recent recommendations on tax reform by the Government Tax Council he replied: "I don't reject it: I will just neglect it."

The key issue still to be resolved is how a politically unpopular indirect tax can be phased in to compensate for stimulative income tax cuts. Even the most optimistic say the measures could take more than a year to put in place, once they are decided.

Considering the tentative nature of most of the stimulative measures Mr Miyazawa mentioned yesterday, Japanese executives last night were sceptical about whether the agreement could work. "These stimulative measures have to lead to more imports, that is the point," said a senior Japanese banker last night.

Nonetheless, Mr Miyazawa is an outspoken advocate of domestic demand stimulation and this package may just give him the leverage he needs to put in place more substantive economic and fiscal incentive measures. And if the two leaders can achieve a stabilisation of the yen-dollar exchange rate, Japanese industry will become more amenable over the long run to the stronger yen.

On the issue of protectionism, initial reaction in Tokyo was also one of scepticism to Mr Baker's comments. Nonetheless the very fact that Mr Baker included the goal of resisting protectionism in his statement will be seen as a welcome step in Tokyo.

The Japanese are becoming paranoid on this issue, as each week seems to bring further allegations of dumping in America or Europe. Any staetment against protectionismi s a good one as far as Japan is concerned.

Strong D-Mark expected to halt growth in exports

BY DAVID MARSH IN BONN

The West German Government believes the country's exports will show no growth this year in real terms compared with 1986 because of the sharp appreciation of the D-Mark.

But it is heading for a record trade surplus of about DM 110bn (£38.39bn), which is likely to fall only slightly next year, as a result of cheaper imports caused by the stronger D-Mark.

These are among the conclusions of the Economics Ministry in preparing next year's economic forecasts.

Dr Otto Schlecht, state secretary at the ministry, said the economy was heading for average growth of 3 per cent in 1987 after similar expansion this year.

Dr Schlecht did not rule out the possibility of tax cuts at some stage after the general election in January to guard against the risk of a slackening of growth later in the year. But he said: "For the moment, I do not see this danger."

West Germany has come under pressure from the US in recent months to adopt a more expansionary economic policy, a call backed this week by Mr Jacques de la Rosiere, managing director of the International Monetary Fund.

Neither the Government nor the constitutionally independent central bank, the Bundesbank, is disposed to inject more demand into the economy.

The Bank of Japan's discount rate cut is unlikely to change the immediate prospects for cuts in German interest rates.

A senior Bundesbank official said this week there was no question of a reduction in the bank's leading interest rates.

Dr Schlecht said real internal demand was likely to continue growing at 4 per cent next year, the same as in 1986.

Export growth in volume termsi s forecast at 2.5 per cent in 1987, on the assumption that world trade picks up. Real import growth is forecast at 6 per cent next year after 4.5 per cent this year.

Argentina issues warning to foreign trawlers

BY TIM COONE IN BUENOS AIRES AND JIMMY BURNS IN LONDON

FOREIGN trawlers entering Argentina's 200-mile exclusive economic zone could be fired upon by coastguard vessels as an "ultimate recourse" to prevent their fishing activities, Mr Dante Caputo, Argentine Foreign Minister, has warned.

His remarks, in a late night press conference on Thursday, followed Britain's unilateral decision to extend its fishing rights around the Falkland Islands in response to Argentina's earlier move to sign bilateral fishing accords with the Soviet Union and Bulgaria to control fishing catches in the South Atlantic.

Mr Caputo said the British move signified that as from now foreign trawlers could potentially fish within the 200-mile fishing zone claimed by Britain under international law.

On Wednesday night, Sir Geoffrey Howe, Foreign Secretary, announced the creation of a 150-mile interim conservation and management zone which will become effective from February 1, 1987. British officials stressed yesterday that, while legally claiming 200 miles, British patrol boats had been instructed not to extend their policing beyond the 150-mile zone in an apparent attempt to minimise serious incidents developing with the Argentine navy.

However, Britain has taken a calculated gamble on the goodwill of third countries, including the Soviet Union and Spain. British officials appear to have announced thier decision on the assumption that third countries who have signed bilateral agreements with Argentina, or who already fish extensively in the Souht Atlantic unregulated by either side, will respect the 150-mile zone and either apply to the British authorities for licences or withdraw their fleets.

But the calculation could misfire if the Russians or any other foreign fleets choose to ignore or challenge the new regime.

Mr Caputo said that Argentine coastguard vessels would continue patrolling within Argentina's own 200-mile zone, but only up to the edge of the 150-mile protection zone where the two zones overlap.

Any trawlers trying to take advantage of the newly-claimed 200-mile fisheries zone claimed by Britain (but outside the 150-mile protection zone—essentially the same area as the new interim conservation and management zone—from which all Argentine vessels without permission are excluded) would be arrested.

If trawlers fail to stop under insrtuctions from the Argentine coastguards, Mr Caputo said, the "ultimate recourse is to act militarily."

Meanwhile, President Raul Alfonsin has personally contacted the Spanish and French governments and all the major Latin American leaders requesting their "solidarity."

Spain yesterday followed the Soviet Union's ambivalent line on the issue by saying that it had "reservations." Both Madrid and Moscow have said that the new fisheries zone will hinder the search for an Anglo-Argentine solution, but have given no indication as to whether they will ask Britain for licenses for their fishing fleets.

As a member of the European Community, Spain should theoretically recognise Britain's rights to a 200-mile fishing zone. But it has found common cause between its claims to Gibraltar and Argentina's cloims to the Falklands after remaining officially neutral on the sovereignty issue during the Falklands war.

Mobutu shuffles ministers to bolster economic moves

BY MICHAEL HOLMAN, AFRICA EDITOR

PRESIDENT Mobutu Sese Seko of Zaire yesterday announced a Government reshuffle apparently designed to reinforce his new economic strategy.

Earlier this week, in a move which threatens to undermine Zaire's relationship with the International Monetary Fund, the president announced that, from next year, he was limiting the servicing of the country's external debt of between $5bn and $6bn (£35.8bn to £4.29bn) to 10 per cent of export earnings.

The close relationship with the fund, with which Zaire earlier this year signed a Special Drawing Rights 214m (£252m) 22-month loan agreement, has been central to the Government's economic recovery plan

In yesterday's reshuffle the president abolished the post of Prime Minister, which had been held by Mr Kengo was Dondo, and said he would take over the duties of the job himself.

The former prime minister Mr was Dondo, who played a key role in Zaire's adoption four years ago of a far-reaching programme of economic reforms drawn up with the Fund's assistance, becomes Minister of Foreign Affairs and International Co-operation.

In the second key cabinet change Professor Mabi Mlumba, an economics lecturer at Kinshasa University, is appointed Finance Minister.

President Mobutu is due to make a policy statement tomorrow at a party rally near Kinshasa.

Pressure for change in economic policy has been building for some time, with critics of the IMF programme arguing that austerity measures have yet to produce results.

Pakistan curfew

Authorities ordered a curfew on parts of Karachi and on Hyderabad city in southern Pakistan after ethnic clashes in which at least six people were killed and 20 injured, government officials said, Reuter reports from Karachi.

Eyewitnesses said troops arrived last night in the curfew areas of Karachi to enforce the restrictions.

Greek cabinet change

The Greek cabinet has been trimmed from 48 to 36 by the elimination of a number of under-secretaryships and the Ministers of Labour, Energy and Industry, Commerce and Transport have been replaced. Mr Costas Papanayiotu, a lawyer, 46, was promoted from under-secretary to Minister of Labour in a move to appease the trade unions in the wake of this month's disappointing municipal elections, Andriana Ierodiaconou reports from Athens.

Bruising battle for votes in Australia's redneck state

Chris Sherwell in Brisbane on the poll hopes of Queensland's controversial premier

FROM THE jacaranda-tinged hills of Brisbane in the south to the northernmost rainforest, from the coastal beaches to the dividing range and western plains, Australia's sunshine state of Queensland is echoing to the noisy sounds of extravagant political rhetoric.

For six weeks a bruising three-cornered election battle has dominated public life, with the aim of settling one question: can the controversial Sir Johannes Bjelke-Petersen, best-known and longest-lasting of all Australia's state premiers, retain power for another three years?

The question is intriguing because, for many Australians as well as outsiders, Queensland is inextricably identified with Sir Joh. For them, the widespread belief that Queensland is different finds its clearest expression in him.

From humble beginnings as the son of poor Danish Lutheran immigrants, he worked hard to build a profitable peanut farm and rural land clearance business before launching into right-wing politics through the Country Party.

Twenty-one years later, in 1968, he unexpectedly became premier and has held that position ever since. Initially, because of his love of flying and lack of sophistication, he was rudely called the flying peanut, and his extreme anti-union and anti-socialist views quickly earned him the sobriquet of Jackboots Bjelke.

Now, at almost 76, his highly personalised rule continues to arouse strong feelings. If he is too old to govern, as some think, he is undoubtedly as cunning as ever and still shows a mastery of the half-truth.

An interventionist by inclination, he greatly enjoys wielding power, for himself, but also as the God-fearing paternalist and pro-Queensland chauvinist he is.

Under his rule, Australia's second largest state has been put on the map. This month, Brisbane came close to success in bidding to host the 1992 Olympics. In Australia's bicentennial year, it will entertain millions of visitors to the Expo '88 World's Fair.

But Queensland has also retained its unfortunate image of being a state full of rednecks and religious revivalists. Not for nothing is it dubbed the Deep North, while Brisbane is damned as Johburg. Sir Joh's stands on political protest, censorship, gambling, liquor licensing, drugs, minority rights and conservation issues make Queensland look more repressive than elsewhere.

Nationally, tomorrow's poll seems unlikely to have much impact on politics unless Labor completely outperforms the other two parties.

According to some, a big victory for Sir Joh might be used as a platform for attacking the Canberra Government of Mr Bob Hawke, the Prime Minister. There is even talk, heavily derided, of Sir Joh moving into the federal arena in an attempt to become Prime Minister.

The more popular view, however, is that a remarkable era may be coming to an end. Sir Joh, it is argued, will need all the guile and stamina he can muster to hold on to power, since opinion polls show him unlikely to win enough seats to govern in his own right.

History seems to back this forecast. The Country Party, now known as the National Party, has been in power in Queensland since 1957, but for the 26 years to 1983 was obliged to share office in coalition with the Liberals.

Even when the party began governing on its own three years ago, Sir Joh had to persuade two Liberals to defect in order to avoid ruling as the head of a minority Government.

The 1983 election was the pinnacle of Sir Joh's political achievements. In 15 years he had doubled the party's percentage of the vote and changed it from a sectional rural party to one which displaced the Liberals, a far more powerful force nationally, as the state's main conservative party.

This modernisation of the Country Party is only part of the story. Powerful help also came from the malapportionment of votes known locally as the Queensland gerrymander. A feature of Queensland politics for decades, this currently favours the National Party by giving rural voters in carefully drawn countryside constituencies greater representation.

For all this, the past three years have not gone Sir Joh's way. Prices for Queensland's main commodity exports, coal and sugar, are low, and while the new tourist industry is expanding rapidly, unemployment has more than doubled in the past three years, making it among the highest in Australia.

This does not sit well next to Sir Joh's trumpetings about the success of his state's low-tax free enterprise policies. Just as unhelpful to the premier have been some recent political developments.

The Labor Party, which dominated Queensland politics for 35 years until 1957, has kept its organisation intact and found a new leader, Mr Neville Warburton. Its weakness, however, is the Government's unpopularity nationally—Mr Hawke was told not to go to Queensland.

The Liberals, paralysed in 1983 when their representation was cut by two-thirds, have recovered their balance under Sir William Knox, who led the party in the 1970s. Their weakness is that they are fighting on two fronts.

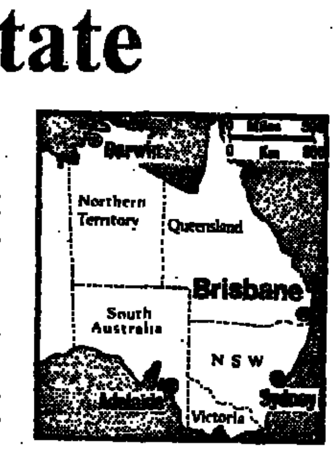
The Nationals' main problem is of their own making—alleged abuses of power involving public works, land leases, planning permissions and tendering for government contracts.

The allegations reached an unexpected climax last week when one of the party's most senior figures admitted the calling of tenders was often a charade and openly acknowledged the existence of "cronyism" in the Government. The party was stunned and the damage looks irreparable.

Each of the parties is claiming it will emerge victorious from tomorrow's poll, lending an air of unreality, not to say outright deception, to the affair.

Under the latest demarcation, 89 seats are being contested, seven more than last time. Because of the gerrymander, Sir Joh's Nationals are believed to be sure of at least 35 on less than 40 per cent of the vote. Privately, the Liberals look for 20, while Labor is capable of more than 30.

Sir Joh insists that if he is short of an outright majority, he will not share power with the Liberals and will call another election if necessary.



The Liberals say the Nationals are pragmatists and reckon they will prefer to share power rather than lose it.

The price for this is likely to be a change in the electoral system, to allow something approaching one-vote, one-value, which is Labor's call. If Sir Joh continues to resist this, others in the party may want him to step down. This is unlikely to be a painless process.

Even bigger complications seem likely if Labor should emerge with the most seats. The spotlight will then turn on Sir Walter Campbell, the Governor and a former chief justice, and the ingredients would be there for a crisis.

Syria plan confirmed

Australia has confirmed it is to represent British interests in Syria following the break in diplomatic relations between London and Damascus a week ago. The confirmation follows Australian Government discussions with the British, US, Canadian and EEC Goverments, Chris Sherwell reports from Sydney.

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مكبرة من الأصل

Mossad attacks Israeli internal security agency

BY ANDREW WHITLEY IN JERUSALEM

SHIN BET, Israel's internal security agency, still recovering from its public mauling over the killing of two captured Palestinians in 1984, has been accused of incompetence and serious lapses.

This time the charges have not been raised by human rights groups or disaffected former members, but by the Mossad—its counterpart in external intelligence.

The accusations, brought to the attention of Mr Shimon Peres last month when he was Prime Minister, are the latest chapter in the unfolding mystery surrounding Mr Mordechai Vanunu, the Israeli technician who decided to tell the world about Israel's nuclear weapons.

His revelations about the nuclear research centre at Dimona in the northern Negev desert, where he had worked, went further than confirming long-held suspicions that Israel had become a nuclear power. They strongly indicated that Israel had amassed a large arsenal of atomic warheads.

At first, any strategic experts were inclined to believe that the Vanunu disclosures had been deliberately leaked by the Israel authorities, as a warning to the country's hostile neighbours and, in particular, to Syria, which in recent months has stepped up its war threats against Israel.

This theory is now being discarded, as it emerges that the Mossad, which is believed to have brought Mr Vanunu back to Israel from London, is letting it be known that it is furious with Shin Bet for its security failings at the top-secret Dimona plant, for which it was responsible.

The alleged lapses include:

● Mr Vanunu's employment was maintained despite his well known pro-Palestinian sympathies and the fact that he became a member of the Israeli Communist Party after taking up his job with the Atomic Energy Commission:

● No one stopped him taking a camera into the tightly-guarded underground bunker and taking dozens of pictures.

● After being dismissed from the plant, on the grounds of instability, he was able to smuggle his incriminating film out of the country.

● Security sources point out that, whereas government employees in sensitive positions are usually screened by Shin Bet at six-monthly intervals, in the case of the Dimona plant this was supposed to have taken place quarterly.

The head of Mossad, furious at the alleged mess made by its long-standing rival, is said to have complained directly to Mr Peres at one of their weekly meetings. But Mr Peres was in his last days in office and is said to have discouraged an investigation on the grounds that Shin Bet had suffered enough lately.

Despite Mr Peres's wish not to get involved, well-informed sources say an investigation has already been launched into the most damaging revelations Israel has faced in many years.

In a case which evokes strong echoes of the attempted kidnapping in London in July 1984 of Mr Umaru Dikko, a former Nigerian minister, Mr Vanunu disappeared in London on September 30 only to reappear, secretly, before a judge in Jerusalem three weeks later.

Two Israelis involved in the Dikko incident are serving jail sentences in Britain, though the Israeli Government — then, as now, headed by Mr Yitzhak Shamir—denied any knowledge of the affair.

Assault on Seoul campus touches off further unrest

SOUTH KOREAN riot police used helicopters, teargas and water cannon yesterday to put down a revolt by students in Seoul, but touched off a fresh series of campus demonstrations and occupations, Reuter reports from Seoul.

An estimated 8,000 students clashed with police at six universities in Seoul and two in Pusan only hours after an assault force stormed buildings at the capital's Konkuk University and arrested 1,200 radicals who had kept them at bay for three days with rocks and petrol bombs.

In Pusan, South Korea's second largest city, a witness said 3,000 students staged a demonstration to demand the resignation of President Chun Doo Hwan.

After the demonstration about 900 students occupied libraries at two universities in protest at the violent ending of the Konkuk revolt.

About 5,000 students in Seoul hurled stones and petrol bombs at riot police, demanding the release of the protesters arested at Konkuk.

Some 7,000 police stormed the buildings at Konkuk and police said 83 people—42 students, 38 policemen and two firemen—were injured in the biggest single student round-up in South Korea.

Police denied rumours that protesters had died in the assault, but said one student underwent brain surgery.

The demands of the protesters at Konkuk for national reunification echoed North Korea's propaganda attacks on the South and Seoul accuses them of being communist sympathisers.

Africa urged to look to the free market

The private sector could help to solve Africa's economic problems. A Special Correspondent reports from Nairobi

AFRICAN GOVERNMENTS have been urged by businessmen and development agency officials to encourage the private sector to plan an expanded role in trying to solve the continent's economic problems.

The call came at last week's conference in Nairobi on the Effective Private Sector Contribution to Development in Sub-Sahara Africa, which was attended by 150 representatives from international business, aid concerns and African civil services.

The need for an initiative towards freer markets was enshrined in the conference's conclusions. The meeting was arranged by the Aga Khan Foundation and jointly sponsored with the World Bank, the African Development Bank and the Kenya Association of Manufacturers.

The reminder that private investment can give impetus to recovery and development is timely. African economies are shackled by massive foreign debt, adverse terms of trade and sporadic drought.

The real growth rate for Africa's gross domestic product has averaged only 1 per cent over the past five years, compared with a 7.6 per cent expansion for Asia, according to the World Bank's World Development Report 1986. Over the same period, per capita incomes have declined by 2 per cent a year, the report says.

Analysts agree that the continent's static one-third share of world aid will not be sufficient to erase national current account deficits. Aid to Africa is expected to remain stable at some $9bn-$10bn (£6.3bn-£7.1bn) for the next five years, according to OECD officials.

The World Bank's 1986 report has cited foreign capital as one of the means for severing dependence on the industrialised world. Yet lack of incentives and vacillating government policies have prompted a flight of capital from the continent. According to OECD statistics, 1984 saw a net outflow of $324m. The outflow occurred primarily from Nigeria, Zaire, Liberia and Congo.

The conference identified overvalued exchange rates, harmful state intervention in marketing and pricing, a lack of regional markets and apparent bureaucratic indifference as some of the reasons for corporate reluctance to sink money into Africa.

"A vast amount of the time of businessmen and women—both indigenous and foreign—is spent trying to meet the administrative and regulatory requirements of government," was one of the conference conclusions.

Some of the participants criticised the defensive or hostile attitudes adopted by some African governments towards private investment. H. J. Heinz, the US-based multinational, expressed an interest in investing in the Ivory Coast one and a half years ago. The company still has not received a reply to its inquiry.

"The attempt was to try to punch a few holes in the wall between the private and public sectors so that dialogue can begin," said Mr Guillame de Spoelberch, general manager of the Aga Khan Foundation.

Ironically, some of the recommendations for change put forward at the conference have already been implemented by ostensibly socialist states. Zimbabwe has incentives for keeping dividends within the country. Tanzania allows exporters to retain a portion of foreign exchange earnings abroad.

Massey Ferguson was praised for its vision in opting to rehabilitate Mozambique's tractor fleet rather than sell the cash-strapped country new equipment.

Lords changes to City bill approved by Commons

BY IVOR OWEN

MPs YESTERDAY finished considering the 581 Lords' amendments to the Financial Services Bill and cleared the way for the Securities and Investments Board to be designated early next year as principal instrument for administering the investor-protection machinery the bill establishes.

Mr Michael Howard, Corporate and Consumer Affairs Minister, told the House he expected the self-regulatory organisations, which will oversee various sectors of the financial services industry, to be formally recognised late in 1987.

In a statement shortly after the Commons agreed all the amendments, he said the time was approaching when practitioners would have to decide how they fitted into the regulatory framework.

"I want the new regulations to come into effect about this time next year," he said.

Mr Howard forecast that the bill, which will receive royal assent next week, would grow in stature "not because it reduces the risk inherent in any investment, but because it has the flexibility to extend the investor-protection net to the most innovative investment opportunities that, one day, *might be targeted at investors.*"

During the final stages of the debate, Mr Bryan Gould, Labour trade spokesman, and Mr Anthony Nelson, Conservative MP for Chichester, suggested the SIB should examine the collapse of McDonald Wheeler, the Canterbury firm of licensed dealers, which had taken £9m of small investors' money.

Mr Gould said Mr Wheeler, the man concerned in setting up the company, "had, to say the least, somewhat doubtful antecedents."

He called for arrangements to ensure the compensation provisions in the bill would, in future, enable small investors affected by the collapse of similar companies to recover at least part of their losses.

Mr Nelson argued that the requirement for those authorised to engage in an investment business to contribute to a compensation fund, either within an SRO or centrally, would encourage the reporting of "suspect cases."

Mr Tim Smith, Conservative MP for Beaconsfield, agreed that the McDonald Wheeler case had reinforced the argument for providing better protection for the small investor.

He said: "I am clear about McDonald Wheeler. The man is a crook. He told lies to the Financial Intermediaries Managers and Brokers Regulatory Association."

Mr Smith urged critics of Fimbra to recognise that it was only a "spot check" carried out by the association that had revealed what was going on at McDonald Wheeler.

Mr Howard confirmed that the bill was designed to ensure that in future the best protection reasonable was provided for such investors as those who had entrusted their money to McDonald Wheeler.

He said the bill did not set a maximum limit to payments to a single investor because the Government believed it was preferable to allow the SIB to seek to make the best provision it could.

Mr Howard maintained that investors would not benefit from an "extremely high notional limit" for the amount of compensation which could be paid to a single investor if it involved levies which drove many firms out of business or resulted in high charges to investors.

He told the House that only the Government would be able to activate the provision in the bill permitting an order to be made authorising — subject to safeguards — stabilisiation of secondary issues.

He underlined the Government's hesitation over further relaxing the rules on market manipulation and confirmed that the amended provision introduced by the Lords only allowed the possibilty of widening the range of investments which might be stabilised.

Woolwich to build homes

By Hugo Dixon

THE WOOLWICH Equitable Building Society, Britain's fourth largest, aims to build 1,000 homes each year, mainly for old people and first-time buyers, said Mr Alan McLintock, chairman, yesterday.

This will be a key element in its plans for diversification when the Building Societies Act comes into effect next year. Other plans include marketing a wider range of insurance services, lending for purposes other than house purchase and strengthening ties with estate agents.

The society was also considering marketing personal equity plans and pensions and developing a money transmission service, Mr McLintock said.

The Woolwich also published its annual results yesterday. Assets grew by 15 per cent to £7.8bn, in the year to September 30 and net profits were £65m—up 70 per cent. The ratio of reserves to assets—an important figure as societies are being asked to increase their capital—grew from 3.7 per cent to 4.1 per cent.

● The Birmingham Midshires Building Society, with assets of £1.7bn, is likely to merge with two societies, the Hemel Hempstead and the Harrow, each with assets of £50m.

Electricity industry accused of rejecting coal from Scotland

BY MAURICE SAMUELSON

MR GEORGE McALPINE, British Coal's director in Scotland, has accused the electricity industry of turning away Scottish coal while stepping up imports French nuclear power.

In what appeared to be a call for greater independence for the Scottish coal industry, he said it was unfair he had no direct share in the negotiations between British Coal's national sales organisation and the main customers for Scottish coal.

Mr McAlpine, who has been in his post six months, set out his strategy for ending the losses of the last few deep mines in Scotland and warned of another big colliery closure if results had not improved by Christmas.

Although the Scottish coalfield as a whole is improving its performance, Mr McAlpine said its development strategy was hampered by uncertainty about the power-station market, his biggest customer.

The uncertainties had intensified over the past year because of the collapse in the price of oil. While power stations in England and Wales continued to burn their normal quota of *British coal, those in Scotland* and Northern Ireland maximised their oil consumption and drastically cut local coal orders.

Although the South of Scotland Electricity Board had concluded a new contract with British Coal, the tonnage was for 3m tonnes a year, from a previous 5m.

More serious, though, was the SSEB's failure to take the additional Scottish coal with which it used to generate surplus electricity for "export by wire" to the Central Electricity Generating Board. The cross-border interconnector has a capacity of 3m tonnes of coal-equivalent. It was fully used during the pit strike but has been used very little since last winter.

"If you can bring in French, nuclear-based electricity, surely it's no less unacceptable to put Scottish coal-fired electricity into the grid," Mr McAlpine said.

Disclosing that he had never even met the chairman of the SSEB, he said: "I wish he and I could work more closely together in the interests of Scotland."

In the immediate future, his main anxieties will focus on the efforts of the Seafield colliery in Fife to raise its output to *3,000 tonnes a day. Failure to do so would* "make it very hard for me to let the situation perpetuate itself," he said.

UK NEWS

Completion of N-plants delayed by wear problem

BY DAVID FISHLOCK, SCIENCE EDITOR

A DELAY of several months is expected in completing Britain's latest nuclear reactors, at Heysham, Lancashire, and Torness, near Edinburgh, after the discovery of wear on reactor control rods after only eight weeks of trials.

The wear has been caused by vibration of the complex control-rod rod mechanisms as they are cooled by a downflow of carbon dioxide gas.

The trials were performed on the first advanced gas-cooled reactors at each station, using full gas pressure and flow conditions but at reduced temperature because no nuclear fuel has been loaded.

The reactors are Britain's latest design of AGR, intended to draw upon 20 years of design and operating experience of a trouble-prone system. Ten AGRs have been commissioned in Britain.

Nuclear inspectors are not expected to authorise fuel-loading until convinced that a permanent solution has been found.

The problem is similar to one that delayed commissioning of the Hinkley and Hunterston reactors in the mid-1970s, when the fuel itself suffered intense vibration.

The South of Scotland Electricity Board and the Central Electricity Generating Board, customers for the Heysham station, plan full-scale laboratory tests on a control-rod system, probably in a UK Atomic Energy Authority laboratory. The National Nuclear Corporation, which is building the two stations, will be responsible for the tests.

Mr John Collier, director of the CEGB's generation development, design and construction division, said yesterday he expected at least three months' delay. It would be another year before the first commercial power was obtained from the new AGRs.

Hopes by the two electricity companies for power about the end of theis year had been dashed by technical delays, partly because of changes required after the Chernobyl explosion.

The SSEB believed it was "a bit pessimistic" to expect no power before next autumn, but agreed that a cure was likely to require "a matter of months."

New components will have to be manufactured to replace those damaged by the vibration.

Although both electricity companies expressed disappointment at discovering yet another problem in a reactor type on which Britain has exerted great development effort, they sought to minimise the significance of the vibration in relation to the expected performance of their new AGRs.

Midland investment banking chief leaves

By Barry Riley

Mr Robert Logan, one of two chief executives of Midland Bank's investment banking division, is to leave the group at the end of the year. His departure, "to pursue business interests elsewhere," will leave Mr Ernst Brutsche as sole chief executive.

The change is seen to reflect the policies of the Midland Bank Group's new executive chairman, Sir Kit McMahon, who wants to simplify the power structure at the top of the bank.

Mr Brutsche is also to become deputy chairman and chief executive of Samuel Montagu (Holdings), which includes the group's merchant banking activities.

Mr Brutsche, although slightly younger than Mr Logan, is, at 49, regarded as the more senior of the two investment banking joint chiefs, having been appointed a director of Midland Bank last July. A German national, he was recently appointed to the City Capital Markets Committee, an exclusive City of London think-tank backed by the Bank of England.

Mr Logan, 53, joined the Midland Group just over a year ago, from Grindlays, part of the Australian and New Zealand Banking Group. Both he and Mr Brutsche had once worked together for Citibank in New York.

Midland has had an unstable relationship with its merchant banking subsidiary, Samuel Montagu, for some years. In 1982 Midland brought in Aetna Life, the US insurance giant, as a 40 per cent minority partner but the move did not pay off. Two years ago Montagu's former chief executive, Mr Staffan Gadd, was ousted after a power struggle, and in July 1985 the Aetna stake was bought back by Midland.

Mr Brutsche joined the Midland Bank Group's top echelons after becoming chief operating officer in 1981 of Trinkaus & Burkhardt, the group's German investment banking subsidiary. He took over Midland's treasury department in 1983.

Sir Kit said yesterday that Mr Logan and Mr Brutsche had organised the group's diverse capital market activities "into a single, highly effective invest? ment banking sector." However, because the groundwork had now largely been accomplished Mr Logan had decided to move elsewhere.

Midland's investment banking sector includes Midland group treasury, Samuel Montagu, merchant bankers, and Greenwell Montagu, stockbrokers. Mr Christopher Sheridan continues as chief executive of Samuel Montagu.

Rees-Mogg backs BBC on Libya

BY FIONA THOMPSON

SIR WILLIAM REES-MOGG, vice-chairman of the BBC's board of governors at the time of the US air strike against Libya in April, yesterday strongly attacked Mr Norman Tebbit, Conservative party chairman, for his criticism of the corporation's coverage of the bombing raid.

In a separate move Ms Kate Adie, the BBC reporter who covered the Tripoli bombing, said she stood by every word she broadcast and was seeking legal advice after Mr Tebbit's allegations.

Sir William, a former editor of The Times, said Mr Tebbit's complaints about bias made a "weak and flimsy document which he should not have given his name to." He said of Mr Tebbit: "I think he has gone over the top."

The Tory chairman launched his highly critical attack on BBC Television's news coverage in a 21-page memorandum to Lord Barnett, the corporation's acting chairman, on Thursday.

In it he denounced the BBC for its "pro-Libyan" coverage describing it as a mixture of news, views, speculation, error and uncritical carriage of Libyan propaganda.

There should be a thorough review of the BBC's managerial and editorial standards, Mr Tebbit concluded.

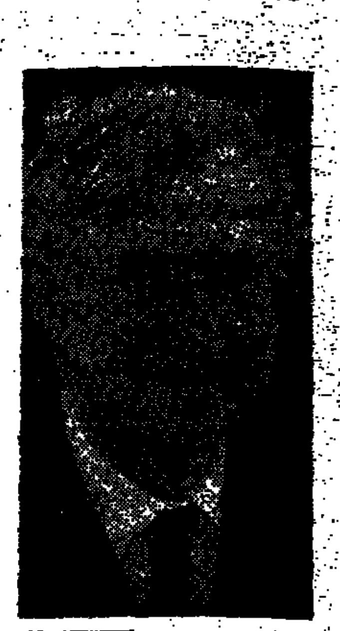
Sir William said that at the time the programmes were broadcast he believed that, subject to the normal errors and hazards of broadcasting, the coverage was perfectly fair and proper.

The press would turn against the Conservative party, he predicted, which could be very damaging in the run-up to a general election.

Sir William's advice to the present governors would be: "Stand firm for the independence of the BBC."

John Hunt writes: Labour the Liberals and the Social Democrats yesterday mounted a fierce counter-attack against Mr Tebbit and called for the governors of the BBC to make a statement reasserting the corporation's independence from the Government and from political influence.

There were further signs of disquiet among some Tory backbenchers who believe Mr Tebbit has gone too far in his campaign against the BBC and that it could backfire on the party.



Sir William Rees-Mogg: coverage fair and proper

Kinnock unveils new role for DTI

By Robin Reeves

MR NEIL KINNOCK, Labour Party leader, yesterday appealed to British industry to help the next Labour Government implement a three-stage industrial recovery programme, presided over by a more powerful and interventionist Department of Trade and Industry.

Addressing members of the Wales Confederation of British Industry in Cardiff, he said the DTI under Labour would be radically revamped and become involved in the creation of industry, not just in supporting it.

Labour's model is the highly interventionist Japanese Ministry of Trade and Industry, he explained later. "We are going to have to pick and nourish new industries—using high technology and high finance — and do it quickly because the oil money is running out," Mr Kinnock said.

Labour's three-stage programme for industrial recovery would consist of:

● A two-year emergency programme of investment in infrastructure and training, to lay the foundations for growth "and, in the process, generate jobs."

● A five-year, medium-term employment strategy, at the core of which would be an expansion of manufacturing. "Only if manufacturing recovers its lost markets will the two-year jobs expansion be sustained."

● A long-term industrial development strategy within a 10-year planning horizon. "We must break out of the obsession with the short-term afflicting British finance industry and, these days, government economic policy."

Mr Kinnock conceded that manufacturing industry could not provide a vast increase in jobs.

"Our situation is now so serious that we cannot rely on market forces alone to allocate our scarce resources efficiently. Our Government must form, with industry, a clear discriminating strategy for investment and recovery—the guiding criterion being the need to improve trade performance

It would not always be possible for the Government, employers and trade unions to agree about means and methods. But there would be co-operation and joint determination, to ensure that the new resources which Labour would be devoting to industrial recovery were used "by the right people, in the right places, in the right time."

Tighter Irish border security agreed

BY JOHN HUNT

FURTHER MEASURES for tightening cross-border security between Northern Ireland and the Irish Republic were agreed in London yesterday at a meeting of the Anglo-Irish conference.

Mr Tom King, Northern Ireland Secretary, said after the meeting: "There is now a firm foundation laid for the best opportunity of improving cross-border security."

Details of the agreements were not given for security reasons. But they are believed to include the use of computer links between the Guards and the Irish Army in the south and the Royal Ulster Constabulary and British troops.

The desirability of appointing an officer of more senior rank on each side of the border to direct security operations was also discussed.

There has been criticism that the Republic has been deploying too few troops and police on its side of the border and agreement was reached on the need to improve their strength.

Further methods of cutting off supplies of arms and ammunition to the IRA were discussed.

"No progress was made on the possibility of establishing a tight code of conduct for the RUC as this is something being discussed by police staff associations," Mr King said that, although this was a matter to which the Irish Government attached great importance, it was not something which could be achieved overnight.

The meeting, the 10th in the series under the Anglo-Irish Agreement, was also attended by Mr Nicholas Scott, Minister of State for Northern Ireland; Mr Alan Dukes, Irish Minister of Justice; Sir John Hermon, Chief Constable of the RUC; and Mr Larry Wrenn, Commissioner of the Guarda.

Both sides were eager to demonstrate that progress had been made under the Anglo-Irish Agreement, which has its first anniversary in two weeks' time. Hard line Protestants in the north are planning demonstrations against it.

Clarke defends dole test

BY HELEN HAGUE

MR KENNETH CLARKE, Paymaster-General, yesterday defended the Government's new test of availability for work, to be applied to all new claimants for benefit from next week.

Mr Gordon Brown, the Labour Party's regional affairs spokesman, has called the revised arrangements a "shameless and vindictive attempt to trap committed job-seekers into leaving the unemployment register."

In response, Mr Clarke told Nottingham Chamber of Commerce he was amased at the arguments against the arrangements, by which job-seekers will have to answer 12 questions.

"It seems as though people are suggesting we should continue to pay unemployment benefit to people who are not really looking for work at all," he said.

"No one can surely think it right that we should pay unemployment benefit to people who have retired from full-time work, to people who cannot work because they are sick or whose family commitments mean that the range of jobs they can do or the distance they could travel are so restricted as to make it unlikely that they could ever take a job," he said.

Severn toll rise approved

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE GOVERNMENT yesterday won court approval for plans to double toll charges on the Severn Bridge, which carries the M4 from England to South Wales.

The increases were imposed last year by Mr Nicholas Ridley, the former Transport Secretary, but were withdrawn after a High Court ruling that objections from local authorities in South Wales had not been properly considered.

The High Court judgment was overturned yesterday by the Appeal Court, but the Standing Conference of South Wales County Councils said it would seek leave to appeal to the Lords.

Mr Keith Griffiths, chairman of the standing conference said higher tolls would seriously damage the economy of South Wales.

Mercury delays announcement of price cuts

By David Thomas

MERCURY Communications, the sole competitor to British Telecom's main network, has delayed until next week the announcement of price cuts for some of its long-distance calls.

Mercury's price cuts, the first since its alternative telephone service launch this year, follow cuts by BT in its long-distance call rates starting on Monday.

Mercury had hoped to detail its price cuts this week, but Cable and Wireless, its parent, has taken longer than expected to approve them.

Mercury is most concerned about the impact of BT's price changes on services most likely to be used by small and medium-sized businesses.

Pharmacists fear liability law

BY HAZEL DUFFY

DOCTORS AND pharmacists could be on a collision course with the Government over implementing the EEC directive on product liability.

Both professions believe many complications could arise fro ma piece of legislation seen by te Government as primarily a measure to increase consumer protection.

Dr Rowe and Mr Alan Davidson, a Pharmaceutical Society lawyer, warned that "defensive pharmacy" and "defensive pharmacists increasingly refrain from prescribing drugs or administering vaccines, could result if ministers persist with their present attitudes.

The directive, which will make manufacturers and importers strictly liable for injury caused by defective products, was agreed last year and is due to be implemented in 1988. It has received most attention from manufacturers and consumer bodies.

Doctors had thought they would not be affected by the legislation proposed by the Government: They were told otherwise this week by Dr Alan Rowe, a British Medical Association official, speaking at the Pharmaceutical Society symposium on professional liability. Professionals, notably pharmacists, fear they will be caught between the interests of manufacturers and consumers.

All the professions are concerned at the increased tendency of consumers to sue for damages. Proven cases of medical malpractice, although rare, are growing, and the sums awarded in such cases have jumped. Doctors' indemnity insurance premiums have been raised by 71 per cent for 1987 and it is in this climate that worries over product liability should be judged.

The law will make manufacturers and importers strictly liable for injury caused by defective products without injured parties having to prove negligence. If, however, the name of the manufacturer does not appear on the product, the supplier—in this case the pharmacist, possibly the doctor—could be deemed liable.

A pharmacist often dispenses medicines from bulk stock into a bottle provided by him and labelled with his name and address. A doctor could face problems when he hands drugs to a patient in the middle of the night when no pharmacy is open.

Generic, as opposed to proprietary, drugs are increasingly supplied on prescription and over-the-counter, simply because they are cheaper. According to Mr Davidson, if this practice continues, the pharmacists would have to keep extensive records of where and when he obtained his supplies.

Another problem arises from warnings on drugs: is it the manufacturer's responsibility to print them, or the pharmacist's or doctor's responsibility to give verbal warnings? The law was likely to speed up the introduction of original pack dispensing making the manufacturer responsible for the warnings, predicted Mr Davidson.

There are difficulties looming. An official of the Trade and Industry Department, which will introduce the legislation, did not allay doctors' and pharmacists' fears to the satisfaction of their representatives when he addressed the symposium. He rejected the notion that experience of product liability laws in the US would be transferred to Britain. Record-keeping was simply "good housekeeping," he added.

The Government has already yielded to pressure from manufacturers. It is to include "development risks" defence in the legislation—meaning a manufacturer would not be liable if it could be shown the product was designed according to principles practised in the industry when the product was put on the market. It will be interesting to see if minister's are prepared to make further concessions in what is essentially a consumer bill.

Birmingham may benefit from EEC funds

By Arthur Smith, Midlands Correspondent

MR JACQUES DELORS, president of the European Commission, held out the prospect yesterday that Birmingham might be one of the first cities to benefit from changes he has proposed in distributing EEC funds.

Birmingham has set the pace in the UK by submitting a £325m spending programme to the Government, embracing all sectors covered by European funding, including training, infrastructure, investment in roads and rail, or for assistance to local industry.

Mr Delors was in the city to unveil the foundation stone for the Birmingham International Convention Centre, a £121m project backed by up to £37m of Commission funds.

Mr Nicholas Ridley, Environment Secretary, locked a time capsule in the base of the foundation stone, containing plans for the centre scheduled to open by 1990 and put Birmingham in the forefront of a growing international business.

The project, on 80 acres near the city centre, will create 3,000 new jobs, with another 10,000 in services, and generate millions of pounds of new investment.

Mr Delors told a lunch in Birmingham that Community policy was being rethought to take advantage of experience. Integrated programmes, making use of funds under different headings, could be better structured and better thought through, he argued.

Mr Delors said the Commission was expecting such a formal application from Birmingham.

Mr Delor's proposals for an integrated strategy for funding will go to the Council of Ministers at the beginning of next year but are unlikely to gain official backing until 198.

Belfast and Naples are the other cities which have so far submitted integrated strategie to meet the initiative taken by Mr Delors.

Engineering output recovery continues

FINANCIAL TIMES REPORTER

ENGINEERING output continued to recover in the three months to August, according to government figures.

Total production was 0.7 per cent up on the same period last year, with mechanical engineering showing a rise of 4.6 per cent and electrical engineering down by 2.3 per cent.

The strongest areas in electrical engineering were photographic equipment, up 20 per cent; office machinery, up 17 per cent; clocks and watches up 14 per cent, and telegraph and telephone equipment, up 13 per cent.

The poorest performances came in computers and the motor industry. Output of electronic data processing equipment was down 14 per cent, and electrical equipment for vehicles down 11 per cent.

In mechanical engineering, the best performances came in the supply of machinery. Textile machinery output was up by 30 per cent year on year, mining machinery up 29 per cent, and printing machinery by 22 per cent.

In the three months to July, new orders for the export market fell by 24 per cent compared with the same period in 1985, which had been abnormally strong. The decline was almost wholly offset, however, by a rise in home orders. The new order book for the industry overall showed a decline of only 1 per cent.

In actual sales terms, the position for the quarter was similar, with a better performance in home markets being largely offset by a fall overseas. Home sales rose by 7.5 per cent while exports fell by 10.5 per cent.

State pupils 'eat better'

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

CHILDREN WHO eat meals in state schools fare much better than those in fee-paying schools, according to the Egon Ronay hotel and restaurant guide published today.

The guide says that in most of the public schools inspected, "kitchens were antiquated and equipment out-dated, menus had changed little over the years, servings were sometimes frugal and limited in choice and tuck-shops were doing a roaring trade."

However, breakfasts, traditional puddings and home baking for teas are praised.

In state schools, the guide says "much effort was being made to change dietary habits, kitchens were clean though short of modern equipment, and there was an exceptionally wide selection of dishes representing good value for money."

The guide says it had difficulty in gaining access to public schools. "We would not wish one school to seem better than another particularly when our members are fiercely competing for fees," said the Headmasters' Conference, which controls boys' public schools.

The best school food found by the inspectors was served in the Richard Huish College in Taunton, a state-run former grammar school.

Egon Ronay's Cellnet Guide 1987. Automobile Association. £9.95.

BASE LENDING RATES

	%		%		%
ABN Bank	11	Citibank NA	11	● Morgan Grenfell	11
Adam & Company	11	Citibank Savings	¶12.45	Mount Credit Corp. Ltd.	11
Allied Arab Bk Ltd.	11	City Merchants Bank	11	Nat. Bk. of Kuwait	11
Allied Dunbar & Co	11	Clydesdale Bank	11	National Girobank	11
Allied Irish Bank	11	Comm. Bk. N. East	11	Nat Westminster	11
American Exp. Bk.	11	Consolidated Cred.	11	Northern Bank Ltd.	11
Amro Bank	11	Co-operative Bank	*11	Norwich Gen. Trust	11
Henry Ansbacher	11	Cyprus Popular Bk.	11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Duncan Lawrie	11	Provincial Trust Ltd.	12
Associates Cap Corp.	11	E. T. Trust	12	R. Raphael & Sons	11
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Roxburghe G'rantee	11
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Bk of Scotland	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Royal Tst Co Canada	11
Bank Credit & Comm.	11	First Nat. Fin. Corp.	12	Standard Chartered	11
Bank of Cyprus	11	First Nat. Sec. Ltd.	12	Trustee Savings Bank	11
Bank of Ireland	11	● Robert Fleming & Co	11	UDT Mortgage Exp.	¶10.9
Bank of India	11	Robert Fraser & Ptrs	12	United Bk of Kuwait	11
Bank of Scotland	11	Grindlays Bank	‡11	United Mizrahi Bank	11
Banque Belge Ltd.	11	● Guinness Mahon	11	Westpac B'nking Corp	11
Barclays Bank	11	HFC Trust & Savings	11	Whiteaway Laidlaw	11½
Benchmark Tst Ltd	11	● Hambros Bank	11	Yorkshire Bank	11
Beneficial Trust Ltd.	11	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
Cl. Bank Nederland	11	Knowsley & Co. Ltd	11½		
Canada Permanent	11	Lloyds Bank	11		
Cayzer Ltd	11	Mase Westpac Ltd.	11		
Cedar Holdings	12	Meghraj & Sons Ltd.	11		
● Charterhouse Bank	11	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 11%.

APPOINTMENTS

Head of finance at Lloyds

Mr John Gaynor, former group financial controller with Imperial Group, is to become head of finance next month at the CORPORATION OF LLOYD'S. The Corporation provides administrative support for the Lloyd's insurance market.

★

Mr A. J. Lowe has been appointed an executive director of DOWTY ELECTRONIC COMPONENTS. He joins from Ultra Electronic Components where he was general manager—batteries.

★

TRAVERS MORGAN has appointed Mr Patrick A. Ratcliffe as director of business development (south west). He was marketing manager for Wimpey Construction.

★

IMP EUROPE, Swindon, has appointed Mr David Wollen as director of marketing. He joins from Digital Equipment Company where he was marketing manager.

★

Following the merger of Adam & Co, Edinburgh, with ADAM & CO, Edinburgh, with CONTINENTAL TRUST Madame F. Schlumberger Primat, Monsieur Didier Primat and Monsieur Georges Muller have joined the board of Adam & Co as non-executive directors. Mr Muller is a partner in the Geneva-based fund management company Bearbull. Mr Charles L. Nicolson, formerly an executive director of Continental Trust, has joined the board of Adam & Co as executive director.

★

ALDMINSTER FINANCIAL SERVICES, Exeter, has appointed Mr Bill Kirk, a former senior executive of The Equitable Life Assurance Society.

★

Sir Diamond Downs will be relinquishing his post as chairman of RICARDO CONSULTING ENGINEERS in the spring of next year. His successor will be Dr D. H. C. Taylor, who will become chairman and managing director of the group.

★

Mr Peter Jordan, formerly managing director of Norprint International, has been appointed to the board of NORCROS INDUSTRY (EEC) as divisional chief executive—print and packaging.

★

THE HANOVER PROPERTY UNIT TRUST has appointed Mr Maxwell R. Creasey, formerly deputy managing director of MEPC, as deputy chairman of the committee of management.

★

PRUDENTIAL CORPORATION has appointed Sir Trevor Holdsworth to the board. He is chairman of GKN, chairman of Allied Colloids Group, and a director of Midland Bank, and Thorn EMI.

★

LIVINGSTON DEVELOPMENT CORPORATION has appointed Mr James Pollock to succeed Mr James Wilson as chief executive of the Corporation. The appointment is from April 1987 when Mr Wilson retires. Mr Pollock has been the Corporation's commercial director since 1978.

★

TEMPCO UNION has appointed Miss Ivy Penman as business development director. She joined in August, and previously was commercial manager with Christian Salvesen.

★

LAZARD BROTHERS AND CO., has appointed Mr Roger Bexond, chairman of Laporte Industries and formerly deputy chairman of British Petroleum, as a non-executive director.

★

Mr David Ellor, currently paper business manager, Ciba Geigy, joins CARRS PAPER on November 3 to take over as commercial manager responsible for the packaging division's sales and administration, and the company's overall purchasing function, on March 31. Mr Geoffrey Williams, commercial manager, retires on March 31.

★

MELLERWARE INTERNATIONAL has appointed Mr Mike Wheale as marketing director responsible for both the Mellerware and SONA houseware brands.

★

THE ENDELL STREET PLACE, a retailing and workshop complex in Covent Garden for collectable items and their makers, has appointed Mr Michael Sydney as chairman. The directors are: Mr Ridley Burnett, Mr Oliver Diggle, Mr David Inglefield and Mr Richard Nagle. Mr Neale Edwards, a director of Samuel Neale and Associated, has joined the board as a non-executive lirector. Mr Tom Burn has joined as retail manager.

BRITISH GAS PATHFINDER PROSPECTUS DETAILS

Sale emphasises small investor

BY MAX WILKINSON AND LUCY KELLAWAY

BRITISH FINANCIAL institutions may get less than one quarter of the shares in British Gas, when the corporation is privatised at the end of this month.

The Pathfinder prospectus for the sale, published yesterday, shows 40 per cent of the shares have been reserved for private investors, up to 20 per cent for foreign investors and 40 per cent for British institutions.

However, if the portion allocated to private investors is more than twice subscribed, other investors will have their allocations reduced by between 30 and 40 per cent. This is widely expected to happen.

The shares are to be priced at not more than 150p, which would give British Gas a maximum value of £6bn, and make this the largest flotation of shares ever attempted.

The Pathfinder presents British Gas as a robust company and forecasts that its operating profits, on a historic cost basis for the year to March 1987, will rise by £24m to £1.03bn. This is in spite of the adverse effects of falling oil prices, which caused some analysts to speculate that operating profits this year might show a slight decline.

The corporation's after-tax profit is expected to fall by 6 per cent to £677m, with earnings per share little changed at 13.9p

The prospectus forecasts that, on a current cost accounting basis, British Gas's operating profits next year will rise to £787m, from £688m this year. The company will continue to use this method for calculating its dividend. The after-tax profit is forecast to rise 10 per cent to £442m, with earnings per share up by 26 per cent at 8.7p.

Some of this rise reflects the fact that the halving of oil prices since last autumn will slowly affect the price that the company pays for part of its North Sea gas, because its gas costs are linked by differing formulas to the price of oil, with a time lag.

Current cost profits will be lifted by about £50m next year because the lower cost of gas will reduce the corporation's need for working capital.

BRITISH GAS	
Countdown to the share offer	
Nov 21	Offer price announced
Nov 25	Prospectus published
Nov 25-30	Share application forms published
Dec 3	10 am—offer closes
Dec 8	Dealing starts

Investors can expect a 4p final dividend this year. If the company had been in private hands all year, the expected dividend would have been 6.5p, implying a yield of 6.1 per cent at the maximum price and a cost to the company of about £260m.

Various measures announced yesterday are designed to attract as many private investors as possible:

● Payment in three instalments, of which the first will be 50p a share, implying £50 on the minimum 100 shares.

● A special reduced scale of dealing commissions for sales and purchases over the next two years of less than £500. Depending on the size of the trade the reduced commission will be between £3 and £10, compared with a usual Stock Exchange minimum of £15.

Those who buy shares at the flotation ("founder shareholders") are to be offered special incentives which may take either the form of bonus shares or a reduction of one's gas bill.

Bonus shares will be granted on the basis of one for every 10 bought at the time of the offer and held until December 31 1989, with the maximum number of bonus shares set at 500 per investor. This means that bonuses will be available for those buying up to 5,000 shares, which would be worth up to £7,500 at the maximum offer price of £1.50 per share.

Although the offer price will be somewhat less than this figure, the Government is clearly aiming to attract relatively large investments from the general public.

Michael Richardson, managing director of N. M. Rothschild (left), and Sir Denis Rooke, chairman of British Gas, at the launch yesterday of the flotation prospectus.

As an alternative, founder shareholders may opt for gas vouchers, which will be issued at the rate of £10 for every 100 shares, up to a maximum of £250 of vouchers.

These vouchers may be cashed at six-month intervals from the end of June 1987 to the end of 1989. They will only be valid if they relate to shares held continuously from the flotation date.

The value of the vouchers that may be cashed on each qualifying date varies from £10 for the smallest shareholder (those with 100 shares) to £40 for those with more than 400 shares. Those with more than 2,500 shares could obtain five £40 vouchers and a final one of £50 at the end of 1989.

The shares are to be priced and underwritten simultaneously in London, the US, Japan, Canada and continental Europe on November 21. In all these places, the underwriters have promised to take a minimum number of shares at the offer price. Present indications are that they will want more than 20 per cent of the issue.

Arrangements to deter foreign buyers from selling the shares to institutions soon after the flotation have been negotiated.

The prospectus will be advertised four days later and will be widely available in Britain at all post offices, British Gas showrooms, branches of the main clearing banks and through stockbrokers. Copies will be sent to all who have already registered interest in the sale.

Investors will then have more than a week, until December 3, to decide whether to buy shares, and to submit spplication forms Dealings are expected to start on December 8.

During the next three weeks, British Gas and its advisers will take to the road again, making 19 stops in the UK to publicise the flotation.

The £2.5bn debt to be placed with British Gas by the Government will be a debenture loan repayable in slices over six years, with the first payment of £750m due in March next year. The interest on the debt will be between 10¾ per cent and 11¼ per cent.

British Gas said yesterday that the decision as to whether to repay the debenture out of the corporation's cash flow, or to refinance it, would depend on market conditions at the time.

PSA 'seriously weakened' by staff cuts

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE Property Services Agency, which administers the Government's estate on 11.4m acres of land, has trimmed its staff to such an extent that in some areas of its activity it has been seriously weakened, according to Sir Nigel Mobbs, chairman of the advisory board to the agency.

The agency has been undergoing substantial reorganisation. Its recent history has been chequered, having included sharp parliamentary criticism of waste of public money, and accusations of fraud levelled at some of its staff.

In its annual report, published yesterday, Mr Gordon Manzie, chief executive, said the PSA "is moving towards a tauter organisation, combining a keen competitive edge with a heightened understanding of clients' requirements."

This had involved hiving off routine maintenance work so as to permit concentration on work demanding "greater input of professional and technical knowledge." Mr Manzie said.

Since 1979 the PSA staff has been cut from nearly 39,000 to 25,400, of whom there are 8,674 professional and technical members.

Sir Nigel noted in his last contribution to the annual report—the advisory body having been wound up this year—that the reduction had not been selective. The PSA had been weakened in some areas and these reductions had taken place while the real workload had increased.

Although there have been no forced redundancies at the agency, recruitment has been cut and it has been difficult to acquire professional staff. The agency hopes this will be resolved next year when reorganisation has come into full effect.

The agency has also stepped up its monitoring of contractors and has started to revise continually its local tendering arrangements, in the hope of preventing a repetition of the alleged corruption that led to the fraud accusations.

In the year to last March the PSA spent £2.17bn on construction and maintenance of government property—up from £2.04bn the year before.

ECONOMIC DIARY

TODAY: Sinn Fein annual conference in Dublin (until November 2).

TOMORROW: Tunisian general election. Gulf Co-operation Council has summit meeting in Abu Dhabi.

MONDAY: Financial Times conference "The City after the Financial Services Act" at Hotel Inter-Continental, W1. EEC Internal Market Council meets in Brussels. Housing starts and completions (September). International Air Transport Association annual meeting in Montreaux (until November 4). Teacher union NAS/UWT begins selective industrial action. US construction spending

TUESDAY: UK official reserve (October). Capital issues and redemptions (during the month of October). European security conference in Vienna. US Congressional elections. Sainsbury interim figures.

WEDNESDAY: EEC Fisheries Council meets in Brussels. Detailed analysis of employment, unemployment, earnings, prices and other indicators (November). Advance energy statistics (September). Market Research Society statement on changes in the British way of life since 1946. Consolidated Gold Field annual meeting.

THURSDAY: New COHSE general secretary announced. Royal Dutch/Shell Group third quarter results.

FRIDAY: International Ski Show opens at Earl Court (until November 16). EEC Standing on Employment meeting in Brussels. Lucas results. US unemployment figures (October).

Explosives may be used to demolish City building

BY WILLIAM COCHRANE

MEPC, Britain's second biggest property company, is considering using explosives to demolish Lee House, London Wall, in the City of London.

This would be the first use of explosives in the City to demolish a building of this type and size.

Mr Michael Cassidy, chairman of the City of London's Planning and Communications Committee, told delegates to the British Property Federation 1986 conference at Brighton on Thursday that the company expected to begin consultation next week.

Earlier this week the City planning committee gave the go-ahead to a large-scale MEPC office development scheme bridging London Wall, part of it on the Lee House site.

Mr Roger Squire, MEPC development director, said in Brighton that the company was considering very seriously using explosives in the demolition. The building would be imploded, or made to collapse inwards.

Mr Squire said the company would consult residents, telling them what was involved.

Shake-out predicted in PC industry

BY DAVID THOMAS

A LARGE-SCALE shake-out can be expected among companies making personal computers, Mr Elserino Piol, Olivetti's vice-president for strategy and development, told the FT's fourth professional personal computer conference yesterday.

There were about 350 PC companies in the world last year. By 1988, there would be fewer than 100, with only about 10 operating in all the world's main markets.

The nature of PC markets would also have changed fundamentally by then, too. By 1988, there would be 1.2m PCs using the new 84386 microprocessor, which would give the PC the power of some existing mini-computers. The mini-computer would be squeezed at both ends, by mainframes coming down in price and PCs increasing in power.

In the short-term, the key development would be linking PCs together in company departments to perform tasks now done by mini-computers.

Local area networks linking PCs would gradually take off. At present, the penetration of local area networks was less than 10 per cent in the UK and less than 5 per cent on the Continent.

In the medium-term, integrating telecommunications with PCs would be crucial. The industry did not yet have a clear answer on how to merge voice and data.

FT
CONFERENCE
Professional personal computers

Dr Richard Horsnell, managing director of Philips Business Systems, questioned whether it was right to set rigid PC standards at this stage. The industry was too young and its products were at present too complex for many users.

Mr Roger Kermisch, Apple Computer's European general manager, agreed and said sales were being hit by the failure of most of the industry to make PC use easy for customers. Potential buyers were holding back because of the cost of time and training.

It was important for PC makers to differentiate between products offered. Otherwise competition in the industry would be purely on price, with increasingly bitter infighting.

Mr Paul Bailey, European vice-president for Digital research, said that, as PC machines became standardised, added value in the industry would be increasingly in software.

Software developers were under a number of conflicting pressures, including increasing PC capabilities, making PCs easier to use, and cutting prices.

Cutting software prices was being forced on software developers as hardware costs decreased. The key to future growth was making PCs more accessible to users and the industry had to cater for users who were not computer-literate.

A new generation of graphic software was helping with this. It was crucial to make such software consistent across all the uses to which PCs could be put and these were increasing all the time. Mr Sam Wiegand, president of GRiD Sysetms, predicted the market for "laptop" or portable PCs was about to take off.

Laptops had not lived up to past expectations because the market had been approached by thinking simply in terms of the technology, not needs of potential customers.

Portable PCs were relevant to many different users, including professional workers in the field, such as salesmen, who were not used to having administrative back-up, and traditional office workers, who wanted smaller desk-top units.

The image conjured up by the term "laptop" was, in fact, misleading. The classic laptop users — journalists and people taking their PCs to the beach —were not numerous enough to fuel rapid growth.

Mr David Henderson, marketing manager for Grand Metropolitan's information services division, argued companies were still not giving enough attention to managing PCs as a corporate resource. Only in the past couple of years had PCs figured in companies' information services strategies.

Management issues covering PCs were: deciding who should have access to particular types of information; judging what information should be on a PC and what on a mainframe; organising the installation of PCs; managing communication between a company's computers; establishing a training programme; and managing the PCs' cost.

Dr Bryan Mayoh, Littlewoods director of management services, said companies should set up an information centre aimed specifically at stimulating interest among its employees in PCs and then managing the technology's introduction.

This was particularly important when dealing with users who had no prior knowledge of computing and who in the past assumed that computing was the responsibility of specialists within their company.

Midland considers shedding 3,700 jobs

By Helen Hague, Labour Staff

THE MIDLAND Bank Group is considering plans to shut 450 branches and shed 3,700 staff by the end of 1989, according to an internal discussion paper obtained by the Banking, Insurance and Finance Union.

The Midland yesterday confirmed the authenticity of the document, which was presented to senior managers at a conference earlier this month.

Mr Alan Schouler, head of employee relations for the group, said the unions were aware of the bank's programme of rationalisation, made necessary by the drive to reduce costs and the changing needs of customers.

He said that no final decision had been taken on the extent of planned closures.

Mr Hedley Woods, Bifu's assistant general secretary responsible for the Midland group, accused the back of deliberately withholding information about its rationalisation plans.

He said the union will be consulting its membership about the programme outlined in the leaked document, and called on the bank to disclose the full extent of its planned cuts.

Burnham chairman picked for Acas council

By Our Labour Correspondent

THE INDEPENDENT chairman of the Burnham Committee, which negotiates teachers' pay, has been appointed to the governing council of the Advisory, Conciliation and Arbitration Service.

Sir John Wordie, a barrister who is deputy chairman of the Central Arbitration Committee, is the one newcomer to the Acas council appointed yesterday by Lord Young, Employment Secretary, to serve until April 1989.

Two vacancies were created by decisions not to reappoint Mr Laurie Hunter, professor of applied economics at Glasgow University and a council member since Acas was founded in 1974, and Mr Ben Roberts, former professor of industrial relations at the London School of Economics.

Tax staff threaten legal bid to see Revenue budget

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE MAIN union representing tax officers is threatening legal action against the Inland Revenue to try to force it to disclose detailed, decentralised figures of the Revenue's internal budget.

The move by the Inland Revenue Staff Federation is the first of its kind by a Civil Service union since introduction of hte Financial Management Initiative, by which budgetary control is devolved to local level within government departments.

In a letter to the Revenue, the federation has said its legal advice suggests that the union has a right of access to half-yearly budget figures sent to local managers.

The Revenue has refused to release these figures, which it says are for internal managerial use. The union argues that it needs to see them so as to establish prospects for staff levels within each budget centre.

Mr Clive Brooke, IRSF deputy general secretary, said yesterday: "We can only get a true picture of the outlook for our members when we see the budget figures. If the Revenue has nothing to hide, why don't they show them to us?"

The union believes it has a case under the Employment Protection Act 1975, Section 17 of which imposes a duty on employers to provide recognised unions with the information necessary for bargaining. Cases are heard by the Central Arbitration Committee.

If the federation were to succeed in its claim, other Civil Service unions might achieve access to divisional budget figures under the initiative.

The federation says it is anxious about how the Revenue is financing its obligation under the 6 per cent Civil Service pay award this year, only 3.5 per cent of which was funded by the Government. The Revenue has assured the union it can stick to existing staff plans that envisage a cut of only 3,000 by April 1988 in the current total of 69,000.

The Revenue said yesterday its policy was to provide the union with overall budget figures and quarterly information about expenditure to date, but that broken-down divisional figures were in a different category.

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Contempt judge calls Maxwell

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR ROBERT MAXWELL, chairman of Mirror Group Newspapers, was summoned to the High Court yesterday to give evidence in contempt-of-court proceedings against the National Graphical Association and two of its Daily Mirror chapel (office branch) officials.

Mr Justice Mars-Jones, who last month had refused to let MGN drop the contempt proceedings it had initiated, directed that Mr Maxwell and eight other MGN executives should come to court to be cross-examined by the union's counsel about an alleged breach by the union of a court order.

The hearing was expected to last only a few minutes, as the NGA officials, Mr Tom Harrison and Mr Laurence Wells, father and deputy father of the graphics chapel at the Daily Mirror, had put in written statements apologising if thay had been guilty of contempt by breaking a court order.

Their statements, however, failed to satisfy the judge. He said: "It is called an apology, but *I have never seen anything* quite like it dressed up as an apology. 'If, which is not admitted, we are at fault, we are sorry.' Apology involves an admission of fault and an expression of regret. I find neither of those things in these affidavits."

MGN had complained that a court injunction ordering the NGA not to disrupt production of the Daily Mirror had been broken by a mandatory meeting of the graphics chapel on September 18.

The company tried to withdraw the contempt proceedings after Mr Maxwell reached an agreement with Mr Tony Dubbins, the NGA general secretary, *that there would be no further* disruption.

But the judge said last month he could not turn a blind eye to what appeared to have been "outrageous defiance" of a court order by Mr Harrison and Mr Wells.

The hearing will continue on Monday.

Compensation deadline for printers

BY HELEN HAGUE

PRINTWORKERS sacked by News International, Mr Rupert Murdoch's company, have been given nine days to apply for individual compensation pay-offs to end their involvement with the nine-month-old dispute.

Yesterday Mr Murdoch wrote to the 5,500 printworkers, sacked after they went on strike, inviting them to accept the offer they rejected collectively in a ballot earlier this month.

The "termination payment" offers former employees who were totally reliant on the company for their employment four weeks pay for each year of service, subject to an upper limit of £205 a week.

In his letter Mr Murdoch states categorically that there will be no fresh talks with union negotiators. "I have to tell you that the company will make no further offers, nor will it re-enter negotiations with the unions."

The individual offer expires on November 10.

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The isolation of Europe

THE European Economic Community is still the world's biggest trading block; but politically, it has less clout as a group than even its smaller individual members can wield. This is, of course, very far from being a new idea; and no doubt the architects of the Community always expected that for a few years the members would be too concerned with their internal affairs to look outwards. However, they would have been very depressed had they foreseen that nearly 30 years' co-operation has still produced so little collective thinking, and that European influence in the larger world would actually decline as a result; but that is what has happened, and it is beginning to look as if this failure will carry an economic as well as a political price.

The evidence becomes clearer every day. Yesterday the US and Japan announced an agreement to try to stabilise the dollar-yen exchange rate. The Europeans, notably the Germans, had certainly been consulted at great length, but when they refused to join in a co-ordinated adjustment, the other two currency blocks evidently felt quite comfortable at leaving them out.

This should, in its way, create just as much alarm in European capitals as is already being expressed over the fact that the American and Russian leaders recently came near to a disarmament agreement which would go a long way to disengage the US from European defence.

However, the message of the exchange rate agreement may take some time to sink in. For the time being, the Europeans are too preoccupied with their inability to agree on even a token diplomatic response to Syrian-backed terrorism to think collectively about more important problems.

Tedious length

The arguments which led to the decoupling of exchange rate management, which was supposed to be a world-wide affair since the Plaza agreement 13 months ago, have been repeated at tedious length. The Americans have always been concerned that their own efforts to check their slide into deficit would be both ineffective and would deflate world-wide demand unless their trading partners made a balancing shift.

The evidence now seems to have persuaded the Japanese that these fears were justified. The US trade balance may now have stopped deteriorating; but if it has, this is mainly because the US economy is still as sluggish as ever. US business opinion now appears to expect little or no growth in the current quarter, after an apparent recovery in the third: construction, consumer incomes, personal borrowing, and most business investment are all slowing.

In Japan, where the rise of the yen has painfully deflated profits, there is now an actual recession. The Government is responding with a bigger fiscal package than was once planned, and this has now been supported by a cut in interest rates. It is these moves which have made an agreement with the Americans possible.

In Europe, however, there has been no response, despite the fact that Mr Jacques de la Rosiere of the IMF has now added his voice to that of the US President and Treasury Secretary in urging a more outward-looking approach. The German Government professes confidence in Germany's own growth prospects, though German industrialists are increasingly doubtful, while the critics in Washington argue that the projected 3 per cent of German growth is quite inadequate either by domestic standards—this is a recovery from stagnation—or in the international context.

Honest brokerage

The British Government appears to be at least half-persuaded of the US case, and Mr Nigel Lawson, the Chancellor, has been trying a little honest brokerage between Bonn and Washington. Bonn seems more concerned to lecture the UK on the need to join the EMS; and Mr Lawson's experience does suggest that Britain pays a price in political influence in staying outside.

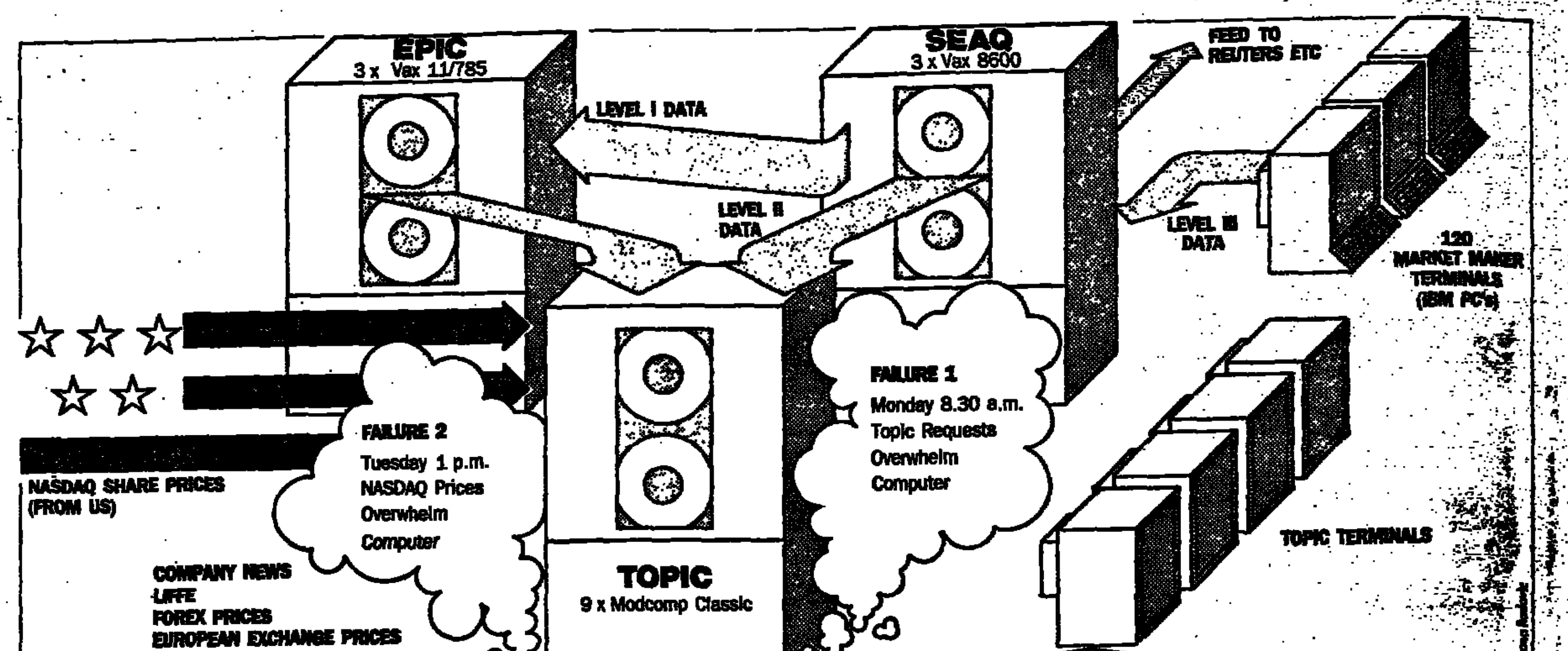
However, this is the Community not calling the British kettle black: because the EEC attitude to international policy co-ordination is very like that of Britain to the EMS, to support it in principle without actually joining in. The immediate danger is that this will leave the EMS currencies liable to be driven up by speculative pressures, thus transferring the squeeze on margins and external demand from the Pacific basin to Europe.

A bigger longer term threat to European interests may emerge in the trade talks which are now in their preliminary rounds; for it is becoming clear that the EEC's farm policies are now giving as much offence in Canberra and in Latin America as they long have in Washington. The EEC has not yet started to think how to make its farm policies internationally acceptable; yet it may find that without this, it has nothing to bargain with. It is becoming clear that it is more comfortable for the outside world to ignore Europe than for Europe to ignore the outside world.

THE CITY REVOLUTION

A shadow at dawn

By Clive Wolman



BY SEVEN o'clock on the morning of Big Bang, October 27, the network of computers which provides the power for the Stock Exchange's electronic information services had been running for 90 minutes.

In the twin operations room in Christopher Street, just north of the City, and in the Exchange Tower, technicians were carrying out routine preparations for the first of the market-makers to "log-on" to the computers of the Stock Exchange Automated Quotations System (Seaq).

Mr George Hayter, director of information services and chief architect of the Seaq system, was following progress on computer screens in the customer complaints section. Mr Michael Newman, his deputy, was finishing his bacon and eggs in the canteen below.

As log-on time approached, the technicians grew more nervous. The chief concern was that the market-makers, many of whom had been suffering well publicised difficulties with their own systems, would have difficulty logging on or putting in their trade reports.

By 8.15 the tension had evaporated as market-maker after market-maker logged on without incident.

It was not until 8.25 that the technicians were suddenly alerted to the risk of the computer systems failure which now seems likely to blight the first six months of the newly deregulated markets.

As stockbrokers and market-makers poured into their new offices and switched on their screens to try out the new system, the capacity meter in Christopher St shot up minute by minute. 85 per cent, 95 per cent. At 8.29 the 100 per cent figure showed up, the alarm bell rang and the system went out of action.

Seaq and the related Topic system which disseminates prices to investors and market-makers were designed as the centrepiece of the new market. They were introduced to enhance the efficiency of the new dealing system, giving investors quicker access to share prices and better protection by allowing the exchange to record and monitor transactions.

This week's failings have been in the Topic price dissemination system, which has limped along, beset by a series of breakdowns and technical failures and providing only a stripped-down information service.

The Stock Exchange has braved the critics. Sir Nicholas Goodison, the chairman, said he was happy that the Seaq service, which collects and stores the information about prices and transactions, was working effectively. The difficulties had arisen from the unanticipated demand to view the Topic pages.

Such fine distinctions were lost, however, on the increasingly frustrated brokers and market-makers. They have been unable to find out share prices at crucial moments, or to change the prices at which they themselves are prepared to deal. Some market-makers such as Barclays de Zoete Wedd have had to cut by half the number of Topic terminals they have in use.

The difficulties have added to their anxieties of adjusting to entirely new relationships with their investment clients, counterparties and competitors. In some cases, the tension reached breaking point, as Sir Nicholas himself discovered when he was bombarded by complaints from dealers at his own firm, Quilter Goodison.

The issues that have been raised go well beyond the technicalities of computer hardware and software. Should the Stock Exchange ever have attempted to set itself up as a developer of new technological systems with global ambitions? And should it have used its position as the regulator of the main UK securities markets to ensure that its own Topic system is the primary supplier of price and trading information to investors in the City and overseas and to keep out competitors such as Reuters, Telerate or Quotron?

Big Bang, after all, was prompted by the attack of the Office of Fair Trading on the restrictive practices of the Stock Exchange. The effect has been to sweep away all obstacles to competition between the Exchange's member firms. Only recently, however, has the issue of competition extended to the price dissemination and other services provided by the Exchange itself.

The embarrassment to the Exchange arises from its failure to anticipate the overload on the Topic computers caused by requests for "pages" of information from Topic customers and by the streams of information from organisations such as Nasdaq, the US electronic over-the-counter market on which Seaq is modelled.

The level of page requests on Monday was at least double that allowed for by the Exchange authorities. At first it was thought the problem was the result of allowing all 9,000 or so Topic subscribers access to the more detailed market-maker information (the Level II service) rather than confining it to the 3,000 or so customers who pay special charges to receive it.

Next day, however, with Level II access restricted, the system worked well until at the beginning of the afternoon an electronic stream of prices arrived from Nasdaq and forced the system off the air again.

How could it happen? The Exchange's large and competent development team have been working overtime for weeks. Computer Sciences Corporation, the US consultancy called in to oversee the Seaq development, signalled last week to the Department of Trade and Industry and to Downing Street that all systems were go.

The Topic computers are not at fault. They are built by Modular Computing Systems Inc of Florida and are widely used in high-speed information systems.

But they were never designed to stand up to the kind of load which the Exchange placed on them this week. There are suspicions that the Exchange was a victim of its own ambitions.

When the first plans for Seaq were laid two years ago it was for a very modest system, displaying only perhaps 300 of the most frequently traded stocks. At the time there were only some 2,500 Topic terminals out with market participants. As the project developed, however, more ambitious plans were developed to display prices for up to 3,000 stocks together with a raft of other information.

One computer specialist pointed out this week that the Exchange was attempting with 32 computers to offer a larger service than Nasdaq, which uses 120 high-powered Tandem fail-safe machines.

Shortage of cash may also have been to blame. Although £80m has been cited as the cost of developing the electronics for the new securities markets, only about £10m was spent on Seaq, £3.4m on capital costs and the rest chiefly on training and market liaison.

The timescale was impossibly short. As Mr Newman said earlier this week "If you had given me four years instead of two, I could have built a really rugged and reliable system. We blasted off into the complete unknown."

Some computing experts have sympathy for Mr Newman's complaints. One with substantial experience of large on-line, real time systems (of which Seaq is a prime example) said: "When you are dealing with human behaviour it is not unreasonable to get the estimates of use as wrong as this."

Others however are more critical. The full-blooded commitment of Mr Newman, as the project leader, to the in-house development of Topic made it difficult to investigate possible risks, they say. Several former Stock Exchange employees working under him praise his technical skills and his energy. But according to one: "He is a very dominant personality and very difficult to argue with once he is committed. He gives the impression of being a driven person."

Mr Newman was confronted in 1984 about Topic's awkward method of updating prices, which would become a much more important function in the new system. Because a single price change requires several retrievals from the system, an overload could easily result.

Dr Lawrence Jacobs was a technical consultant to the Stock Exchange for nearly 12 years during the period the crucial decisions were taken on Topic and Seaq, until he left to take up a post as a lecturer in computer science. "It's easy to say now but I always thought that it would be too much to try and change everything on the same day," he said this week. "The technical department overestimated their capabilities and possibly led the Stock Exchange Council up the garden path by trying to sell themselves as having the same expertise as a software house. They wanted to control their own patch."

The argument over whether the Stock Exchange should develop its own information systems or sell them off to Reuters dates back to the mid-1970s. The in-house development lobby ultimately triumphed.

Thus the Council members on the information services committee were particularly susceptible to the reassurances of the technicians that Topic could be developed as the new price dissemination system in-house. They were highly suspicious about letting Reuters or any other commercial service take responsibility for sending Stock Exchange prices to member firms and investors.

In response to the Reuters campaign, over the summer, the Stock Exchange backed down. It has now agreed to sell to Reuters and to any other information vendor all the price information on Seaq. It has not however yet agreed to allow Reuters to publish price-sensitive company news at the same time as it is broadcast over the Topic screens.

The Stock Exchange was always on weak ground. It appeared to be arguing that restrictions on the dissemination of information at the greatest speed to the widest audience somehow operate against the fairness of the markets. The counter-argument is that, even if deals are done away from the central market, investors and arbitrageurs will be aware of the prices at which they are being done and be able to exploit anomalies.

But having failed to let Reuters develop an alternative price dissemination service in 1983-84, London Stock Exchange members can now expect a period of some seven or eight months until Seaq and Topic performs up to scratch.

By January the Exchange should have a second Topic database up and running. By July it should have completed the very complex software needed to ensure that the system treats every market participant fairly allowing everyone equal access to all the information on the system.

Meanwhile, the stockbrokers, market-makers and investors will have to improvise. Their main concern must be to minimise their risks from trading in a market in which the quantity and speed of information is often at a lower level than in the pre-Big Bang days, when Topic was a more humble information system. The greatest concern of the large securities houses, which now hold the dominant position in the Exchange, is that poor information will discourage investors from buying and selling.

A fall in turnover would add to pressures caused by the cuts in commission rates and other changes in the new system, which, most firms estimate, have already reduced their commission income this week by about 50 per cent. It is this evidence of enhanced competition which allowed the Stock Exchange yesterday to claim Big Bang has been a success.

As all the expensive acquisitions of stockbroking and jobbing firms over the last three years have been based on the assumption that turnover is likely to rise sharply, the Stock Exchange's misjudgments over the last three years may yet have serious consequences.

Man in the News

Davey Johnson

Mets slug Sox and now some Brits

By Jurek Martin

I SHOULD state my theological credentials. I was initiated into the faith at Candlestick by Mays, Marichal and McCovey. I was further enlightened at RFK in the year Williams was abbot. My novitiate was at Shea with Seaver, Koosman and Kranepool. My first ministry was at Memorial when Weaver's prize new acolyte was Murray. I was born again by Valenzuela, a memento of whom still sits on top of my downstairs loo. I have made the long pilgrimage to Korakuen to sit at the feet of Oh. I have in my library all the new testament works of Angell, Kahn and Boswell.

My fellow missionaries have proselytised in every corner of the globe and have converted many to our cause. Even Japan, otherwise so irreligious, subscribed en masse. Yet the stoniest ground of all has been England, wet England, where adherence to the grail of the red ball and the flat bat seemed for so long imgpervious to our brand of ecumenicism. When I recited my theology in the pubs of this land, I was never understood, except by expatriates from America.

Yet, as is the case so often in the modern world, we have been saved by an electronic ministry. A young priest named Tyler, from our sect at Channel Four, brilliantly divining that England needed the inspiration of television to take the mind off the awful ritual of Sunday lunch, has succeeded in diverting the nation away from the heresies of the weekend world to the only sporting religion that truly matters. Baseball has at last taken root in this green and pleasant land and has finally been seen by millions for what it is—the most skilful and deliciously tactical of all games in which a piece of wood does, or does not, make contact with a leather sphere.

Laurence T. Berra, the manager naturally known to all as Yogi, once said with a precision that is unique to him, "90 per cent of baseball is physical, the other half is mental." It can be debated if baseball or cricket demands greater skills. I would give a slight edge to the pitcher over the bowler, because of the emphasis on pure control, and to the batsman over the batter, because of the greater variables of playing a ball off the ground. But what marks baseball out is that there is no moment of the game when the mental wheels are not spinning at maximum revolutions; and the man who does that is the manager.

Which is why it is entirely appropriate that our man in the news is one Davey Johnson, a mustachioed, pock-faced 43-year-old from Florida and why it is understandable that he seems to live on a diet of chewing tobacco and antacid pills.

For, on Monday night, Johnson's New York Mets finally defeated John McNamara's Boston Red Sox in the seventh and deciding game of this year's Word Series of baseball. It was an immensely exciting championship round but it was not, if truth be told, memorably well played, as several star players on both sides failed to perform to expectations. In the end, it was managerial decisions, and a bit of luck, that made the difference.

Managers come in all shapes and sizes and, because job security is never guaranteed, come and go a lot. The most indelible of the breed was Casey Stengel, whose last job, when an octogenarian, was as manager of the early Mets and whose contribution to baseball was perhaps secondary to his destruction of the English language; to the point where today a stengelism in America is, roughly, what a malapropism is here. One example, taken from Congressional testimony, runs thus—Senator Kefauver: "I am not sure I made my question clear." Mr Stengel: "Yes, Sir, well that is all right, I am not sure I am going to answer yours perfectly, either."

Managers ought to be phlegmatic, but often are not. Earl Weaver, the noted raconteur, gourmet, horseplayer and despot from Baltimore, could not abide umpires, whom he baited mercilessly and who regularly sent him to an early shower. He said he did it to motivate his players with his record—more wins than any other over 20 years—his madness clearly had method. Billy Martin, of bicoastal managerial fame and self-proclaimed founder of "billy ball," had a deeper character flaw and used to take out his frustrations with his fists; a bout with an inoffensive marshmallow salesman blighted his career.

Some managers rule by instinct, some, like Weaver, with voluminous books on statistical probabilities (example: when, on a cloudy night, did the left-handed hitter Smith last get an extra base hit off the right handed curve ball pitching Jones with the bases loaded?)

Disingenuously, Davey Johnson has described his philosophy as KISS, or "keep it simple, stupid." At least this is what he claimed in a recent book, "Bats," so titled because an earlier baseball book, by the irreverent former New York Yankee, Graig Nettles, was called, "Balls." But a close perusal of the book and the evidence of his managing during the World Services reveals a much more subtle mind

His particular ability is his development and motivation of young people. Yet, in the series, his two most luminous talents, the pitcher Dwight Gooden and the outfielder Daryll Strawberry, failed to deliver. Unsentimentally, Johnson turned to veterans, his third baseman Ray Knight (married to the golfer Nancy Lopez) and a pinchhitter, Lee Mazilli, whom Johnson himself had transferred two years before as part of his youth drive. Ironically, John McNamara's critical managing error for the Red Sox was to keep on the field an ageing gimpy-legged first baseman, whose error won the sixth game for the Mets.

Like some, but not all, successful managers, Johnson had a distinguished playing career and still holds the single season record for home runs (43) hit by a second baseman. Curiously, his worst year was the first of two he spent with the Tokyo Giants in 1975-76 (this weekend he is back in Japan managing an American all-star team against the best Japan can field).

Playing prowess is not a prerequisite. Weaver only made it briefly into the big leagues while Casey Stengel once engagingly observed: "I was not so successful as a ballplayer, as it is a game of skill."

But, in six years managing, three in the minor leagues and three-plus with the Mets, Johnson has never had a losing season. "My team," he said in Tokyo on Thursday, "won because it had more heart." He paused and added "wakaru?" ("understand?"). Mr Johnson will make believers out of many more of you.

Corruption in the Turks and Caicos Islands

A little local difficulty

By David Lennon

ON THE SURFACE, the British West Indian islands of Turks and Caicos are an unspoiled Caribbean dream; long stretches of golden beach washed by azure seas; heat from an ever-present sun cooled by the trade winds.

Hardly surprising, then, that Whitehall should have chosen a policy of benign neglect for the 9,000 inhabitants of the tiny island chain, located 90 miles north of Haiti and 575 miles south-east of Miami. Ten years ago, the islanders were granted self-rule as a step towards eventual independence.

Today, however, the dream is far from reality. The elected Government has been dismissed, the constitution suspended and a previous Chief Minister, Mr Norman Saunders, is serving eight years in a US prison for drug-running offences. So once again it is a British administration which is attempting to do something about the islands' chronically weak economy, stagnant investment and impoverished education system. The second of three commissions of inquiry into corruption and the islands' constitution is due to report by the end of this year.

Direct rule from Whitehall was perhaps the only feasible response to a chain of alarming events, which began a year ago with Mr Saunders's trial and conviction in Miami and included the New Year's eve arson of a Government building.

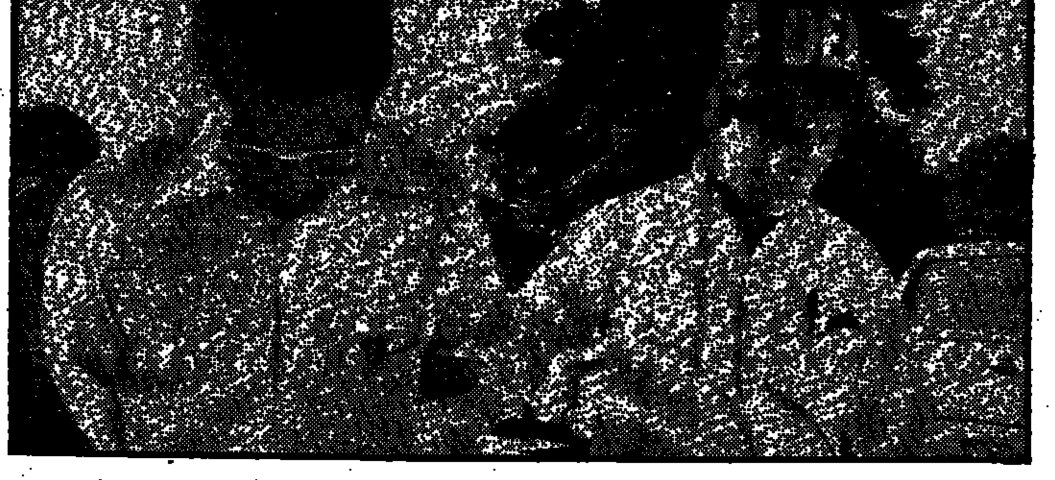
"You have had many blots on British history and this is another one," declares Mr Nathaniel ("Bops") Francis, who took over as Chief Minister when Mr Saunders was jailed. It was his Government which was dismissed in July after the first commission found him and four other elected members of the 11-strong Legislative Council unfit to hold public office.

"The imposition of direct rule is downright ridiculous and unfounded. It shows the British imperialistic and colonialist attitude which one would have thought was abolished years ago," he says.

Mr Francis is a sprightly 74-year-old who claims to have fathered 40 children. His business card now has the word "former" handwritten in front of the printed title "Chief Minister."

Until now the islands had two main claims to fame: here, almost 500 years ago, Columbus is reputed to have made his first landfall in the New World; Senator John Glenn splashed-down nearby after becoming the first American in space and was debriefed at the now abandoned US naval station on Grand Turk.

An item less suited for the tourist guides is the islands' reputation among US Drug Enforcement Agency (DEA) officials as "the cocaine colony."



A Chief Minister in handcuffs: Norman Saunders being arrested in Miami

Though now in decline, drug smuggling, bringing huge payments for aircraft refuelling and other trans-shipment services, has been a major source of revenue in the last ten years. and has attracted a DEA campaign.

"If the Colombians want to sell it, and the Americans want to buy it, why should we refuse to help?" says one islander. Half-way between Colombia and Miami, the location is perfect.

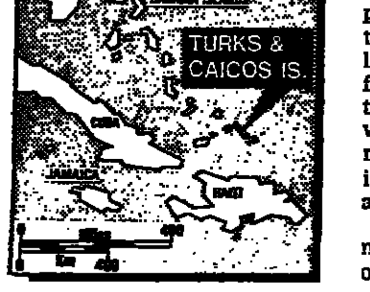
It is widely believed among the islanders that Mr Saunders, who ran an aircraft refuelling company, was entrapped by DEA officers as part of that campaign. Some see the plethora of commissions as London's response to US demands for action to end the islands' position in the drug trade.

Having investigated and punished the elected local politicians for administrative malpractices, some think Whitehall's next move is to investigate the behaviour of a British-appointed official to show that the Government is "not just 'picking on the natives'" to cover up its own negligence.

This they believe is the reason for the latest inquiry, now in session, into a five-year-old deal in which Crown land was granted to Raul Construction and Investments in exchange for building a causeway and dredging a channel linking North Creek, an inland waterway, with the sea. The development concept was to provide the island of Grand Turk with a badly-needed safe harbour.

The commission is being chaired by Mr Louis Blom-Cooper QC, the British barrister who conducted the earlier inquiry and whose first report described high-level political corruption in considerable detail.

The North Creek Commission intends to examine whether there was any conflict between the public duties and private interests of Mr Terry Donegan QC, who was Attorney-General at the time this concession was awarded. Mr Donegan owns a small parcel of land adjoining that granted to the Raul company. Mr Donegan denies any wrongdoing.



He is supported by many people on Grand Turk, including Mr Francis, who describes the North Creek inquiry as an "insult to the people," and says: "No other country would accept this." Others less heatedly wondered if the money being spent would not be better invested in economic development.

Not everyone is as unhappy as Mr Francis about what has happened since the first inquiry commission. One of his former Ministers who emerged unscathed from that commission, Mr Ariel Misick, a London-trained barrister, believes that "this is an opportunity to set aside party politics for a short time and give senior civil servants an opportunity to put the country on a sound footing."

Mr Misick, who now serves on an advisory committee to the British Governor, reflects an opinion heard widely on Grand Turk when he says this interim period should not last for more than 18 months. This he believes will give adequate time for the commission on constitutional reforms, which begins work in November, to recommend ways of returning the island to elective politics and administrative autonomy.

To help bring about the necessary changes, the 34-year-old Mr Misick, says $20m should be invested in training and infrastructure over the next three years. This should be on top of Britain's annual £1.8m in capital aid and $3m in technical and development assistance from various sources.

The chamber of commerce, in a recent report, pointed to the lack of any significant growth in the economy over the past four years, the inadequacies of the expatriate personnel recruited to the islands' administration and the urgent need to upgrade the educational system.

"The young people," says one businessman, "leave school illiterate and with no hope of a job. The girls watch TV all day and eventually get pregnant. The young men end up on drugs."

The dilapidated state of most of Grand Turk's buildings testifies to the poor state of the economy, which went into sharp decline with the collapse of the salt industry more than 20 years ago.

Attempts to develop tourism have yet to bear major fruit. The Club Mediterranée has built a resort for 600 guests on Providenciales Island. But, despite recurring rumours that some of the big American hotel chains might follow suit, this has yet to happen. British Caribbean Airways has just ceased operations to Grand Turk because of lack of business.

The drive to develop Grand Turk as another Caribbean tax haven has also had only limited success. Coming late to an already crowded field, the islands saw an initial spurt of company registrations in the early 1980s peter out, with the level now steady at about 5,000.

"For me as a businessman, the future looks bleak, after the arrest of Saunders people took off from here and all development ideas went into the trash can," says one worried islander.

The narcotics agreement signed in September between the UK and the US, which allows US authorities access to accounts of individuals and firms suspected of involvement with drugs, could see the disappearance of other dubious or simply paranoid investors.

The key test for the future of the islands will be the ability of Britain to produce a more workable constitution, to provide training for administrative and Ministerial office and to develop the economy along lines which will provide the residents with a chance to make an honest living.

If direct rule does not produce the expected improvements "there will be disillusion and disenchantment," says Mr Misick.

Or as a local civil servant puts it: "all we see is white people coming in and talking down to us. I am very pessimistic about this place."

Financing Eurotunnel

Next round will not be a piece of cake

By Andrew Taylor and Paul Betts

FOR THE Channel Tunnel project it has been a bruising week. In the end, the £206m needed to complete its international share placing was found, but only with a degree of last-minute arm-twisting which has raised doubts about Eurotunnel's ability to raise a further £750m next summer.

Like this week's placement, the larger equity offering will be sold internationally, but round two will give the public a chance to buy as well as institutions.

Eurotunnel executives admit that they have a lot of ground to make up if next year's issue is to succeed. At stake is more than £5bn of loans and standby credits agreed with more than 40 international banks which could fall if the equity issue fails.

Why has the consortium found it so difficult to persuade investment institutions to support their cause, given that the project has the blessing of the British and French governments?

Even more to the point, why has the equity been so hard to sell when international banks (admittedly shorter than they used to be of lending opportunities) have jumped at the prospect of putting money into the 31-mile rail tunnel?

It is in Britain that Eurotunnel has faced some of the greatest problems. A poll of 25 of Britain's biggest pension funds and insurance groups conducted yesterday by the Financial Times revealed the extent to which opposition to the tunnel is entrenched. Only 10 had supported last week's issue.

Many funds feel that the rewards offered do not justify the risks. They fear that the tunnel might be delayed or run badly over budget in the way that the Thames Barrier or the Humber Bridge did. If that happened and an expensive rescue had to be launched, the original equity investors could suffer badly.

The tunnel, however, is more than just a construction project. Once built it will take on the characteristics of a utility.

What Eurotunnel has to persuade investors to accept is the hybrid nature of a project that in the early years has the characteristics of a venture capital investment, with all the risks that entails, but which ultimately turns into a source of steady, secure income that will be comparable with index-linked Government stock.

"The risks of things going wrong are very high and, with no dividends to be paid until after 1993, institutions are being asked to take an awful lot on trust," says one fund manager.

"Eurotunnel will first have to show, and it has not done so far, that it has the management to run such a project and deliver it on time and within budget. Even then the modest rewards promised are such that it will not attract many institutions."

In the prospectus for last week's placing, Eurotunnel indicated a gross dividend return at the placing price of 17.2 per cent. Almost whatever assumptions you make about inflation, this represents a much higher return than the yield of around 4 per cent currently available on index-linked gilts.

WHERE THE MONEY COMES FROM

	£bn
Equity:	
Founder shareholders	0.046
International institutions	0.206
Public offer for sale	0.748
Total equity	1.000
Interest on cash balances	0.040
Loans from main facility	3.696
Total	4.736

A different perspective is provided by one of Britain's biggest insurance groups which did invest in the placing.

"Things can always go wrong, but that is the nature of risk investment. There are plenty of construction projects in this country and in France which are completed in time and within budget, and these have made a lot of money for those prepared to invest in them.

"This is a long-term venture. The risks, for what we regard as a low-tech project, are not overwhelming and will recede very quickly once the tunnel is operational."

The consortium admits that it has been less than robust in countering highly publicised criticisms of the project's financial integrity and that it badly needs to raise its profile.

Sir Nigel Broackes, chairman of Trafalgar House, the British construction, property, shipping and hotels group, has been invited to join the Eurotunnel board as a non-executive director in the hope that his enthusiasm, energy and experience will boost confidence.

In France the feeling is that the British managed to shoot themselves in the foot by setting themselves deadlines that proved difficult to meet and by dissipating their energies trying to place the issue with as wide a spread of institutions as possible.

By restricting the issue to a small select group of players, the French were able to negotiate the financing behind closed doors. "The institutions which have decided to participate in France form a superb group, or 'tour de table' as we say here," said Mr Marc Tabouis, of Banque Indo-Suez.

Although at one stage it had seemed that one or two influential investors were wavering, the issue was completed without too much fuss.

In the US the placing was a disappointment raising around £15m of the £20m that had been hoped for. The US seems unlikely to be a major contributor to next year's share sale.

Japanese institutions, however, raised more than expected, although international confidence in the project must have been dented by the events of last week. Eurotunnel has a lot of work to do to repair its image.

For French institutions, matters of concern were the newness of the company, the need for good managers to be appointed to run the project, the need for the treaty and legislation to be ratified by the British and French Governments (including the awaited go-ahead for a French high-speed rail link to connect with the tunnel) and, at root, the balance between risks and rewards.

"I think this was the hardest stage," says Mr Tabouis, of this week's negotiations, "although the rest won't be a piece of cake, as you say in the UK."

Letters to the Editor

Inflation and house prices

From Mr R. Crum.

Sir, — Surely the link between inflation and housing can be simply put? On most payment systems you pay a fixed money amount monthly. When you take out a mortgage it represents a large proportion of your income. As inflation carries on your money income goes with it and the fixed money mortgage payments become steadily less burdensome. So most private house-owners benefit in a very direct way from inflation.

What is more interesting is the inconsistency between the different strands of government policy. On the one hand, the drive for private house ownership, on the other the desire for lower inflation. Any young person would be very foolish to accept both goals. If they take out a large mortgage now and inflation is low then they are saddled with a heavy payments burden for life. In addition, given the reductions in the real value of child benefit and the drive to make parents pay for textbooks and the other essentials of schools, their costs will rise and they will end up in real poverty. For such people inflation is a necessary part of home ownership and home ownership provides a spur for wage inflation.

There's another nasty twist to the story. The more elderly members of society have all benefited from the mortgage/inflation relationship in the past. But if they are living on fixed pensions, inflation is their enemy. For young people with fixed mortgage payments, inflation is an ally. Behind the scenes there is an intergenerational conflict.

R. E. Crum,
89 Hall Road, Norwich.

An irrelevant concession

From Mr P. Roberts

Sir, — Re: "How house prices fuel wage increases," by John Muellbauer (October 23). Surely the limitation of mortgage interest tax relief to £30,000 loans takes it out of the argument altogether. The high price inflation in homes has been consistently in the bracket at which this concession is almost an irrelevance, particularly in the case of trading up from, say, a £60,000 to a £100,000 house and increasing a mortgage from £40,000 to £65,000. All the extra interest has to be paid by the borrower. His tax position is unchanged and, therefore, has no effect on the inflation in house prices.

Given this, the rest of the article, which is woolly and disconnected at best, falls to pieces completely. The last paragraph, which quotes "If my analysis is correct..." is a strange summary to a string of apparently random consequences based on a false premise.

P. S. Roberts,
103, Mount Street, W1.

Candour on the ballot

From Mrs M. Broadbent.

Sir, — Mr Bing's (October 27) candour about the TSB balloting procedure is welcome, but it does not inspire confidence in the competence of the organisers of the ballot. Where is his evidence that there were few cases of whole families succeeding with all or none of their applications for shares?

If the procedure he describes was followed exactly, the probabilities of different share allocations for families would have been as follows, assuming they had the same name, applied for the same number of shares, and handed their applications in together:

probability (%)

No. of applications	No. allocated: 0	1	2	3	4	5	6
6	45	2	2	2	2	2	45
5	46	2	2	2	2	46	
4	47	2	2	2	47		
3	48	2	2	48			
2	49	2	49				
1	50	50					

By contrast, the same applications randomly selected would yield the following pattern of allocations:

6	2	9	23	31	23	9	2
5	3	16	31	31	16	3	
4	6	25	38	25	6		
3	12	38	38	12			
2	25	50	25				
1	50	50					

A pronounced tendency towards the first rather than the second pattern of allocation would indicate that the procedure was being followed, even if it was misguided. Is Mr Bing really telling us that the execution of the operation was in practice so chaotic that random allocation was in fact achieved? My own family's experience was similar to that of Mr Deeley's informants (October 21)—0 out of 3. So I am inclined to give the ballot high marks for execution but none for design. Fairness seems to have been sacrificed—unnecessarily—for efficiency. Perhaps some of the effort that went into weeding out multiple applications could have gone into thinking more clearly about what to do with the legitimate ones.

The implications for the Government's privatisation programme are disturbing. Not only was the issue itself tainted by a manifestly unfair system of allocation, which was not explained in advance, but also the Government's highly paid agents were evidently incapable of organising a simple lottery—scarcely a good advertisement for contracting out other forms of public sector activity. Imagine the outcry if, for administrative convenience, ERNIE started selecting consecutive blocks of premium bonds for prizes each month. Or does that happen already?

(Mrs) Margaret Broadbent
40 Parliament Hill NW3

Checking the validity

From Mr J. Deeley

Sir, — I am pleased that the communications controller, TSB, has responded (October 27) to all the recent "bias in the ballot" correspondence, by offering an explanation of how balloting was carried out, but there is one key stage in the operation as described which requires further amplification.

Prior to placing the applications in groups according to the number of shares applied for and bundling the sorted applications into batches of 50, Mr Bing says that at the sorting stage, the receiving banks checked the validity of each application.

My concern is that a deliberate pre-selection procedure may have been adopted by the six receiving banks at this "validation stage," to ensure that the subsequent bundles of 50s were weighted in advance of the actual ballot against the possible embarrassing consequences of media accusations that there had been wholesale "multiple application" abuse by families. The following illustrates my concern.

There is considerable evidence that because of the "once-in-a-lifetime" advice by virtually every newspaper to families to apply for as many members as possible, there resulted a greater generation of demand by family applicants than single applicants and it appears that in straight 50% success rate comparison terms, this majority of family applicants was not reflected in the allocations. (This fosters the suspicion that a token number of 100% successful family applications would provide a perfect counter to accusations to the contrary.)

I am sorry to be so stubbornly persistent but the question of what criteria were employed in determining the validity of each application needs to be addressed if the TSB ballot itself is to be regarded as valid.

John W. Deeley,
16 Downs Road,
Dunstable, Beds.

Revenues from roads

From Mr D. Starkie

Sir, — Mr Diment of the British Road Federation takes you to task (October 28) for claiming that the Government fails to charge motorists for the cost of trunk roads and motorways. He responds by telling us that in total motor taxes greatly exceed road expenditures. This is rather like saying that the subsidy to British Coal does not matter because the coal industries of the world in aggregate make a profit. For informed debate what we need to know is the balance of costs and charges for particular parts of the road system at peak and off-peak times. One estimate published in 1979 showed that imputed revenues from the use of trunk roads and motorways failed to cover costs. It is possible, therefore, that you have got your facts right; Mr Diment has yet to demonstrate otherwise.

David Starkie,
Garden Cottage,
Marsh Benham,
Newbury, Berks.

Tax short term gains

From Mr D. Dale

Sir, — The letters from Mr Pearce and Mr Cooke under your heading "The contribution of the City to economic life" (October 28) expressed a growing conviction, now shared by Mr Lawson, that the short term attitude to profits in the City is contrary to the longer term interests of industry and of the national economy as a whole.

The Chancellor should have the courage of his latest conviction and tax short term capital gains heavily while abating the rate at which these gains are taxed for each year they are held—say 60 per cent reducing to 10 per cent over five years. This would help enormously to reduce the conflict of interest between investors — increasingly playing the role of absentee landlords — and "their" companies, which worries Mr Cooke and is so damaging to industry. The only people who would squeal are stockbrokers who have a vested interest in a high rate of turnover of shares and stags who create no wealth.

Douglas Dale.
97, Hilderstone Rd,
Meir Heath,
Stoke-on-Trent.

Relaxed lorry rules

From the Controller, SE Region, Freight Transport Association.

Sir, — Camden Council's castigation of the London Residuary Body for "relaxing" the London lorry ban permit conditions (October 24) is surprising, given that the LRB has simply returned to the rules operated by the GLC apart from the last few days of its existence.

The conditions the LRB supposedly inherited from the GLC had not, to our knowledge, been applied by the council. Furthermore, they were in conflict with EEC/UK legislation and the council's own policy statement.

As a result, companies were refused permits by LRB for refusing to make brake system changes which were not manufacturer approved, and which would have a deleterious effect on brake performance.

Design and operation of motor vehicles is covered by national and EEC legislation. If each local authority is to be allowed to promulgate its own variations the outcome, particularly for industry and commerce, will be chaotic.

J. M. Guttridge,
Hermes House,
St John's Road,
Tunbridge Wells, Kent.

Slipping a century

From Mr M. Goldman

Sir, — Gracious heavens, what is the world coming to when a Fellow of All Souls slips a century? A. L. Rowse in a book review (October 25) states that "Later in that century came Trinity and St John's, Jesus and Wadham." The first three were indeed founded in the latter half of the 16th Century but every undergraduate knows that Wadham was founded in 1610.

Michael G. Goldman
1 Lyndale Close, SE3

Slightly warped

From Mr J. Linfoot

Sir, — Is there a prize for spotting that last Monday's "Lex" column was taken (in parts almost verbatim) from "The Time Machine," by H. G. Wells?

J. S. Linfoot,
Flat 10,
Pembroke Court,
Rectory Road, Oxford.

UK COMPANY NEWS

David Goodhart on Hill Samuel's brush with the Takeover Panel

Censure has its own rewards

IT HAS been a tough week for merchant bank Hill Samuel. Following a censure from the Takeover Panel last Monday, the bank—or at least its corporate finance arm—has felt under siege, even "witch-hunted."

It found itself in the Takeover Panel's dock for failing to disclose share dealings which enabled its client, AE, the Midlands engineering company, to escape a takeover bid from Turner & Newall, which has now been given permission to bid again.

And having already sustained a £4m loss on share deals, which compares with its £40.7m net profit last year, the bank now finds its City reputation under critical scrutiny.

Few in the City are crowing. Hill Samuel's fellow corporate financiers, and in particular those renowned for pushing the rules to their limits, recognise that it could just as easily have been them in the dock.

Hill Samuel, they say, acted wrongly and should at least have consulted the Panel but the severity of the punishment has more to do with the misfortune of being caught at a time when the Panel needed to assert its authority.

The Panel has been fortunate that the circumstances surrounding the bid have allowed its own rather limited powers—of censure and waiving its own rules—to appear at their most effective. If T & N had not come so close to taking AE first time round, then waiving the rule or not re-bidding for 12 months would have been irrelevant.

Hill Samuel's peers are surprisingly sympathetic to its plight on the main issue of disclosure of share dealing indemnity agreements. But they are—possibly hypocritically—far tougher on the alleged breach of Chinese Walls, the division between a bank's corporate finance and fund management departments.

Hill Samuel Investment Management, manager of the £100m AE pension fund, was indemnified by the bank from any loss sustained in buying AE shares. But, say the critics, why was HSIM talking to the corporate finance department at all? And where was the new rulebook designed by Mr Kenneth Morton, Hill Samuel "compliance officer" and former Reed International finance director?

Nevertheless, most City opinion agreed that it was surprising to see Hill Samuel in the firing line. Its corporate finance department has built up a considerable reputation in recent years particularly in new issues and takeover defence and it has had a reputation for erring on the side of caution.

It was also the Hill Samuel Group which claimed the high moral ground in the City over the Guinness affair earlier in the year when Wood Mackenzie (owned by Hill Samuel) resigned as Guinness's broker.

That is all cold comfort for Hill Samuel now. And most senior executives of the company have admitted this week that the whole episode is bound to have dented their name a little—although it may take six months to show the full impact.

To try to limit the damage Mr Christopher Castleman, the Hill Samuel chief executive, has contacted several of the largest clients—such as Courtaulds—over recent weeks giving his side of the story.

But it may be that the bank is quite wrong to be so pessimistic. Like the naughty schoolboy whose popularity is boosted by a brush with the headmaster Hill Samuel could stand to gain from their new corporate "street fighter" image.

Evidence is inevitably impressionistic but after talking to a randomly selected ten Hill Samuel clients a narrow majority actually thought the incident had enhanced the bank's reputation.

Mr Peter Bullock, chief executive of James Neill Holdings, was representative: "This certainly doesn't shake our confidence in Hill Samuel. In fact, if anything it increases it." What impresses most, of course, is the fact that Hill Samuel has been prepared to take a £4m loss for a client.

It is not something it would care to repeat, and it does (or did) have an especially close relationship with AE, but as a loss-leader it has been a triumph.

Mr Richard Raworth, finance director of Hestair, another Hill Samuel client, said: "This clearly shows that they are prepared to put their money where their mouth is. These days merchant banks have got to have the financial muscle, and Hill Samuel has proved it has plenty, even if it lost the argument in this case."

This view was supported by one very senior merchant banker who said: "The effect on Hill Samuel will be net positive. They were probably a bit lucky to be caught in the same company as Cazenove, which will escape unscathed, but they have shown they will pursue an issue to the death. Clients and potential clients increasingly think the City is a jungle, so they want a jungle fighter on their side."

Not everyone was so sanguine. Several Hill Samuel clients did think the episode had damaged their reputation, but none were considering finding a new bank. Indeed, Hill Samuel has this week signed up two new clients.

BANK TO REDUCE SA STAKE TO UNDER 20%

Hill Samuel, which recently announced outline plans to reduce its stake in its South African subsidiary, yesterday said that the stake would drop from the current 71 per cent to less than 20 per cent of the offshoot's voting capital.

Giving first details of the figures involved in the restructuring of the subsidiary, it said this would be achieved by converting 2m ordinary shares into deferred redeemable preference shares and by a rands 15.1m rights issue of 8.4m shares at R1.80 each. Ordinary and preference shareholders would be offered 125 new ordinary for every 100 shares held.

The British parent has renounced its rights in favour of new South African executives and local institutions.

The interim disclosed pre-tax profit increased to R1.74m in the six months to September 30 1986.

The first half's disclosed earnings rose from 5.2 cents to 18.7 cents a share. An ordinary interim dividend of 5 cents has been declared, while an extraordinary interim dividend of 13 cents will also be paid and allow the British parent to externalise funds at the commercial rand rate exchange.

In the last financial year earnings totalled 21.1 cents a share.

Lonrho to appeal over court ruling on Fraser

By Charles Batchelor

LONRHO, the international trading and mining group headed by Mr Roland "Tiny" Rowland, last night announced it intended to appeal against a Scottish court ruling which would allow House of Fraser, the Harrods stores group, to become a private company.

The Court of Session in Edinburgh had earlier ruled that House of Fraser was entitled to buy in the outstanding preference shares, which are all that can prevent the company, now owned by the Al-Fayed family of Egypt, from going private.

Lonrho has managed to keep House of Fraser a public company, with an obligation to publish its annual accounts, by acquiring a small holding in its preference shares. However, the Edinburgh court said that Lonrho's objections to Fraser's plans to buy them in were "not well-founded." Fraser plans to close its preference share register on November 10.

Lonrho said yesterday it was seeking an order to prevent the repayment of the preference shares pending its appeal.

Mr Paul Spicer, a Lonrho director, said: "Our objective is to keep the company in view as long as possible."

Lonrho believes that Fraser's latest set of accounts, which were released to the court but which have yet to be filed at Companies' House, shows the company's trading position is not strong and that borrowings have increased.

Fraser's profit and loss account showed a pre-tax profit of £50.5m in the 66 weeks ended May 1986 compared with £48.2m in the 52 weeks ended January 1985.

Profits were boosted by a £25m tax credit from a provision for deferred tax no longer required.

The interest charge rose from £9.7m to £20.9m and Lonrho believes it will become a heavy burden on profits in future years.

Fraser also had an extraordinary charge of £11.8m in the 66-week period, including £8m of store closure and reorganisation costs. In the previous 52 weeks, the extraordinary charge amounted to £200,000.

Fraser was not immediately available for comment.

Warner-Lambert buys Henara for £8m

Warner-Lambert of the US is to buy Henara in an agreed bid which values the hair and skin-care products group at £8.04m.

The US drugs and consumer products group will pay 70p cash, with an alternative of 70p nominal unsecured floating rate loan-notes.

Henara came to market in December 1983 at 95p per share in a fixed-price offer that was twice subscribed. It subsequently took over its supplier, Dixor-Strand, but found sales squeezed by own-brand competition.

Northern Foods' $73m US operation sell-off

BY CHARLES BATCHELOR

Northern Foods, the Hull-based foods company, is selling the bulk of its remaining US operations to its minority partner for $72.8m (£52m).

Northern has agreed the sale of its 80 per cent stake in two subsidiaries of Keystone Foods Corporation to FFA Enterprises, which is controlled by Mr Herbert Lotman and his family.

This sale comes four months after Northern completed the sale of Prestige Foods Corp, formerly known as Bluebird, another US Foods group.

The Keystone businesses which are now being sold consist of five plants producing frozen hamburger patties and chicken nuggets for McDonalds, the fast-food chain, and M&M Restaurant Supply, a distributor of McDonald's products operating in the eastern US.

Profits of Keystone have declined in recent years because of depressed meat and feed prices. It has failed to develop new products despite substantial investment, Northern said.

Northern also failed to agree with Mr Lotman on the direction Keystone should take. Faced with buying Mr Lotman out for $19m or selling out for near $73m, it opted for the latter course.

As part of the deal, Northern will acquire full control of three small Keystone subsidiaries. They are Haverpride of Birmingham, Alabama, which processes chicken meat; Cliffside Bakery of Toronto, Canada, which supplies meat pies to Marks & Spencer in Canada; and Keyserv Group of Philadelphia, a carpet and upholstery cleaning company. Keyserv is up for sale.

Mr Chris Haskins, Northern chairman, said the company was keeping on three senior executives of Keystone while it looked around for new US acquisitions. Any future US operations would be fully owned rather than 80.20 deals, however.

The result of the sale and the value attributed to the retained businesses amounts to $100m compared with the original cost of the investment in 197[illegible] of $63m.

The Keystone subsidiaries which are being sold contributed $5.3m worth of Keystone's group profits of $8.5m in the year ended March 1986, and $580m of sales of $691m.

Net asset value of the businesses being sold was $40.8m at that year ended, compared with $12.7m for the retained businesses.

Northern's shares rose 3p yesterday to 277p.

Norton ups McCorquodale stake to near 15%

BY DAVID GOODHART

Printing group Norton Opax yesterday increased its stake in McCorquodale from just over 13 per cent to just under 15 per cent which is as high as it can go without increasing its current cash alternative of 260p.

Norton now either owns or has acceptances for about 43 per cent of McCorquodale. But it could still face tough competition from a proposed management buy-out at McCorquodale which is being led by Mr John Holloran, chief executive, and Mr Simon Williams, who runs the group's US division.

Full details of the proposed buy-out—at 300p a share—are expected early next week.

Pavion profits tumble midterm

BY ALICE RAWSTHORN

Pavion International, the USM quoted cosmetics manufacturer, yesterday reported a sharp fall in pre-tax profits from £1.73m to £261,000 on turnover which had almost halved to £12.62m in the first half of the year.

The company has encountered a series of problems since its arrival on the USM in January last year, when it mounted a reverse takeover of Sangers, the photographic wholesaler.

The interim results turned out to be rather worse than the market expected. None the less, Pavion's shares rose by 2p to 23p yesterday.

In the six months to August 31 turnover tumbled to £12.62m (£26.77m). The bulk of this fall is due to the disposal of two former subsidiaries, Sangers Photographic and Staneleo, which contributed sales of £15.8m in the first half last year. Yet operating profits fell to £645,000 (£2.13m).

Sales of Pavion's core brand, Wet 'n' Wild cosmetics, were relatively stable in the interim period, but its contribution to operating profits fell to £1.91m (£3.26m).

Mr Mike Flinn, chief executive, expects both sales and profits to recover in the second half, as distribution in K-Mart filters through to profit and the benefits of the new product emerge.

Losses mounted at Pavion's subsidiaries — Thermex-Thermatron and Tobylane — £253,000 (£148,000) and £125,000 (£106,000) respectively. Mr Flinn expects Thermex to break even in the full year, however, and the company proposes to dispose of Tobylane.

Earnings per share tumbled to 0.1p (3.1p) and fully diluted earnings per share to 0.1p (2.5p). No dividend will be paid.

Pavion's stockbrokers, Laurence Prust, expects pre-tax profits to reach £1.4m for the full year, compared with £2.4m last year.

Matthey £15m US write-off

BY CLAY HARRIS

Johnson Matthey, the precious metals group, will write off another £15m on the loss-making US jewellery business which it sold more than a year ago.

The latest write-off reflects Johnson Matthey's decision to realise $23m (£16.4m) in cash now rather than wait until 1994 to receive nearly twice as much.

The company will use the £21m proceeds, which includes early repayment of the loan of gold stocks, to reduce its net debt, which stood at £175m on March 30 1986.

The jewellery business was sold in two stages, in 1984 and 1985, to BL Holdings, a private company controlled by Mr Bennett LeBow, a US investor and financial consultant. Mr LeBow has assembled a diversified industrial portfolio, including the Liggett tobacco group bought for $137m in cash this week from Grand Metropolitan.

BL Holdings paid a total of $16.3m in cash and issued $45.6m in preferred stock for the jewellery company and its gold stocks. The preferred stock paid no dividend unless the jewellery business showed a positive cash flow—which it never did—and was to be purchased by Mr LeBow's master company in 1994.

Johnson Matthey has instead reached agreement to take securities with a present market value of about $23m and receive the early repayment of about £5m owed on gold stocks.

The £15m write-off follows charges relating to the US operations of £16.5m in 1984-85 and £60.1m the previous year.

W H Allen and Virgin merge their publishing

W. H. Allen, the publishing company owned by Howard and Wyndham, and Virgin Vision, Virgin Group's publishing arm, have merged their publishing interests. And as a result, Virgin will become a substantial shareholder in W. H. Allen.

Mr Richard Branson, the Virgin Group chairman, will join the board of W. H. Allen.

As part of the deal, W. H. Allen will gain the existing book publishing interests of Virgin and the right to exploit its name and trademark in that field. Virgin Books will become an imprint of W. H. Allen.

The initial cash consideration payable to Virgin will be £675,000, with an additional contingent of a deferred cash consideration up to a maximum of £999,000. On completion, Virgin will subscribe £975,000 cash for 3.25m ordinary shares in W. H. Allen at 30p each.

Bunzl buys Dialene for £11m

BY PHILIP COGGAN

Bunzl, the acquisitive paper and plastics group, is making a recommended offer worth £11m for Dialene, the plastic compost bin to teddy bear's chair manufacturer which has been on the USM for less than a year.

The cash offer values Dialene at 289p a share, compared with Thursday's closing price of 260p and the offer price in December 1985 of 128p a share. Directors of Dialene and others have agreed to accept the offer in respect of 2.59m shares, about 68 per cent of the group's share capital.

In the year to May 31, Dialene made pre-tax profits of £984,000 on turnover of £4.85m, compared with £667,000 on £3.97m in the previous year. On the basis of those figures, the exit p/e is 14.5.

This is the third Bunzl acquisition since the group raised £191m via a one-for-three rights issue in September. In total, this is the 27th company Bunzl has bought since February 1985.

It already has a presence in the UK plastics market through Stewart Plastics and Robert Moss and hopes that Dialene's export strength will help expand its overseas sales. Dialene will become part of Bunzl's industrial division.

Dialene's shares closed up 25p at 285p.

SI downturn to £1.74m loss

BY PHILIP COGGAN

LONG overdue figures from SI Group, manufacturers of drink dispensing and cooling equipment, show a slump into the red in the 18th months to December 31, 1985. The pre-tax loss was £1.74m compared with a £1.49m profit in the 12 months to June 30, 1984.

SI was hit by a change in product range from brass to stainless steel in the brewing industry. That has forced stock write-offs and a programme of rationalisation, during which the group's manufacturing activities have been consolidated at the Imperial Way, Croydon.

Non-executive chairman, F. W. Forbes, said that the interim results to June 30 1986 should show a welcome improvement.

The trading loss was £206,000 (the 12 months to June 30, 1984 showed a £1.75m profit) on turnover of £17.27m (£11.15m). After allowing for rationalisation costs, the operating loss was £1.14m (£1.75m profit). Interest charge doubled to £806,000 (£266,000).

There was a tax credit of £597,000 (£573,000 charge) and an extraordinary credit of £85,000 (£15,000 debit), making the loss per share 6.73p (5p earnings). There will be no final dividend, making a total of 0.435p (1.6p).

The shares closed up 1p at 23p.

Gresham House

Net profits of Gresham House, investment trust, fell from £247,000 to £225,000 in the first half of 1986.

Earnings per share, however, worked through higher at 5.1p (5p) after tax of £50,000 (£40,000) and reduced minorities of £15,000 against £40,000. The interim dividend is lifted from 1.4p to 2.425p. The total for 1985 was 4.85p.

Directors said they continued to seek investments in emerging businesses which required either venture or development capital.

Cambium Venture

Cambium Venture Capital, the investment trust, announced a further pre-tax loss in the six months to June 30, 1986. The operating loss was £48,544 (£29,926) and there was no tax charge (£3,198).

Interest receivable slumped to £4,238 (£15,686) but administration costs were higher at £52,782 (£45,612). The loss per share was 0.52p (0.37p).

Appleyard and Cowie talks fail

BY CLAY HARRIS

SHARES in Appleyard Group fell sharply yesterday after T. Cowie broke off talks about a possible bid for its fellow motor dealer. Both companies are based in the north of England.

The talks, initiated by Cowie earlier this week, appear to have foundered on the future of Appleyard's five Jaguar dealerships, the most under a single ownership in Britain.

Hill Samuel, the merchant bank advising Yorkshire-based Appleyard, said that Sir John Egan, Jaguar chairman and chief executive, had intervened to make clear that a merged group would lose the five dealerships. Appleyard said that this likely loss was the main reason that a merger would have "operated most seriously" against the interests both of the company and its shareholders.

Jaguar last night confirmed Sir John's intervention in the talks but said that dealerships were automatically withdrawn after any change in ownership. But the company said that, as a general rule: "We wouldn't be too well disposed—although it wouldn't rule them out—towards a larger group coming in."

Morgan Grenfell, advising Sunderland-based Cowie, suggested last night that the Jaguar dealerships would not necessarily be cancelled but represented instead an asset that could be sold, if necessary, by a merged group.

Cowie's statement announcing the end of the talks did not specify its next course of action. Morgan Grenfell said that a Cowie-led concert party, which has raised its holding to 9.62 per cent of Appleyard, was in no hurry to sell its shares.

Appleyard and Cowie both have dealerships for Ford, Austin Rover, Land Rover and Range Rover. Appleyard also has Rolls-Royce and Scania franchises; Cowie has dealerships for Vauxhall Opel, BMW and Peugeot Talbot.

Appleyard shares fell to 153p after yesterday's statement, before recovering to 156p, down 29p on the day and barely changed from the level before the bid talks were announced.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Arbuthnot Japan	0.25		0.25	0.25	0.25
A. Cohen int	3.7	Feb 14	3.3	—	10.8
Craig and Rose int	8	Jan 9	8	—	47
Dualinvest	7.19	Nov 30	5.97	—	12.11
Eastern Produce int	2.5	—	1.5	—	10
Gresham House int	2.43	Dec 19	1.4	—	4.85
Henara	0.7	—	0.7	—	2.83
Nolton	0.65†	—	0.42	1.2	1.17
REA Holdings int	1	—	2	—	
Save, Prosper Link int	12.52	Dec 1	11.15†	—	21.47†
SI Group	nil	—	1.17	0.44‖	1.6
Sunleigh Elec int	0.13‡	Jan 6	—	—	—
TR Industrial int	1.5	—	1.4	—	4

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 11 months. ‖ For 18 months.

COMPANY NEWS IN BRIEF

UK LAND has agreed to acquire Colney Housing Society for £6.23m from Handley Page (currently in liquidation) and St Albans District Council. Colney is a private company with freehold and leasehold property in St Albans valued at £5.35m plus additional cash resources of £2.68m.

DAVID DIXON: Mr Harry Turpin, former chairman, has increased his holding in S. Casket—the Manchester-based clothing distributor and retailer—from 2.83 to 3.3 per cent. Earlier this month, Casket announced that Mr Turpin and a former colleague, Mr Vy Menon, had bought an aggregate 5.2 per cent stake in the company and would be joining the board—Mr Turpin as a non-executive director and Mr Menon as joint managing director.

BOLTON TEXTILE MILL CO. (textile manufacturer): Turnover £9.9m (£12.9m) and pre-tax profits £144,000 (£111,000) for year to April 30 1986. Tax took £58,000 (£4,000) and extraordinary debits £42,000 (£105,000). Earnings per share 0.94p (1.17p). Extraordinary items consist in the main of extra provision for interest on tax arising out of the sale of the group's former head office. There is again no dividend.

WESTERN DOOARS TEA: Pre-tax profits on ordinary activities for six months to June 30 1986, £196,487 (£222,877); Tax £50,214 (£56,502); earnings per £1 share, 12.97p (14.8p). Taking account of higher interest charges, the directors considered that profits for the year would be slightly below those recorded for 1985.

VICKERS has sold its Crabtree Vickers Gateshead division to a management team headed by Mr Karl Watkin, the managing director, for about £3m. An initial payment of £1.65m has been made while a further £1.1m will be paid in instalments over the next three years. The remaining payment will depend on a formula based on the company's profits over the next two years. The new company will be called Crabtree of Gateshead.

GREAT UNIVERSAL STORES' joint chairman, Lord Wolfson, said in his annual report that unaudited results for the first five months of the current year indicated a further improvement in profits before tax and in earnings per stock unit compared with the corresponding period last year.

DOWNIEBRAE Holdings (steel profile manufacturer): A company statement yesterday said investigations on areas for growth were still proceeding along similar lines to the statement made by the chairman on October 16. No other avenues were being pursued.

LANCA (manufacturer and wholesaler of handbags): No interim dividend (same) for six months to June 30 1986. Turnover £2.57m (£1.76m) and pre-tax profits £192,700 (£82,400). Attributable profits £101,900 (£49,400) after tax £67,000 (£33,000) and minorities £23,800 (nil). Earnings per share 1.16p (0.58p). Second half will show further improvement on the 1985 figures, but overall growth would be at a less dramatic level.

CH INDUSTRIALS, the industrial holdings company, has exchanged contracts for the purchase of L. Fischer, the specialists furniture manufacturer, for an initial cash consideration of £332,000. Further consideration calculated on a formula approximately equivalent to the pre-tax profit to year-end May 3 1987 is payable to the two principal shareholders.

CRAIG & ROSE (paint manufacturer): Interim dividend 8p (same) for six months to June 30 1986. Turnover £2.44m (£2.42m) and pre-tax profits £41,000 (£72,000). Attributable profit £33,000 (£56,000), after tax of £8,000 (£15,000). Earnings per share 33p (56p). Second interim dividend of 30p expected in July 1987.

ASSAM-DOOARS Holdings (investment holding): Pre-tax profit £340,357 (£389,357) for six months to June 30 1986. Earnings per share 23.85p (29.07p) after tax of £94,470 (£89,679). Full year profits expected to be slightly below the £613,673 for 1985.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,500	165	+1	ICI	1,300	[illegible]	[illegible]
Allied Lyons	2,000	312½	+1½	Jaguar	370	519	+4
BAT	2,000	466	[illegible]	Ladbroke	[illegible]	366	+4
BOC	1,100	338	[illegible]	Land Securities	654	329½	+3
BTR	1,500	295	+4½	Legal & Gen	1,300	232	+2
Barclays Bank	774	491	+1	Lloyds Bank	997	422	[illegible]
Bass	180	736	−1	Lonrho	2,000	239½	+4½
Beecham	1,800	431	−1	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle	213	612	−3	Marks & Spencer	1,300	196	[illegible]
Boots	[illegible]	[illegible]	[illegible]	Midland Bank	1,200	549	[illegible]
Brit. Aero	1,800	477	[illegible]	NatWest Bank	2,000	529	+16
Britoil	14,000	145½	[illegible]	P & O	499	511	+2
BP	5,200	689	+30	Plessey	650	175	+1
Brit. Telecom	2,200	201	+1	Prudential	418	779	+4
Burton	1,200	261	+5	Racal	8,000	168	+3
Cable & Wire	806	327	+1	Reckitt & Col	14	768	−1
Cadbury Schweps	402	189	−1	Reuters	175	541	+1½
Comm. Union	662	287	+1	RTZ	683	680	+15
Cons. Gold	637	627	−8	Royal Insrnce	1,500	833½	+10½
Courtaulds	1,300	304½	+4	STC	549	154	—
Dixons Grp	727	353	+6	Sainsbury	420	396	+1½
Fisons	482	579	+5	Sears	16,000	137¾	+3¼
Gen. Accident	250	851	—	Sedgwick	650	374	−7
Gen. Elect	3,300	169	−2	Shell Trans	4,200	931	+32
Glaxo	2,200	945	−9	Sun Alliance	32	701	−2
Grand Met	1,100	440	−2	TSB	16,000	82½	+1
Gus "A"	652	988	+15	Tesco	888	401	—
Guardian R.E.	241	835	−1	Thorn EMI	595	462	+6
GKN	588	243½	+½	Trafalgar Hse	2,000	291½	+13
Guinness	1,400	337	+4	T'house Forte	4,000	165½	+2
Hanson Trust	24,000	201½	+5	Unilever	236	£19¼	—
Hawker Sidd	126	423	−2	Utd Biscuits	592	231½	+1

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (130)

BRITISH FUNDS (1), AMERICANS (4), CANADIANS (2), BREWERS (5), BUILDINGS (7), CHEMICALS (5), STORES (6), ELECTRICALS (2), ENGINEERING (10), FOODS (4), INDUSTRIALS (24), INSURANCE (3), LEISURE (4), MOTORS (4), NEWSPAPERS (2), PAPER (7), PROPERTY (8), TRUSTS (27), OILS (3), OVERSEAS TRADERS (1), MINES (1).

NEW LOWS (10)

ELECTRICALS (3) Electrocomponent, Eurotherm Intl, Micro Scope. INDUSTRIALS (4) Bespak, Jacksons Bourne, Le Group, Neil & Spencer. LEISURE (1) Marina Development, Television Services. TRUSTS (1) JF Pacific Warrants SA.

LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday, October 30 1986

Tobaccos	+42.39	Other Industrial Materials	+19.04
Publishing & Printing	+39.11	Property	+18.03
Metals and Metal Forming	+37.73	Insurance (Composite)	+17.75
Textiles	+36.52	All-Share Index	+17.23
Mining Finance	+34.56	Financial Group	+16.66
Chemicals	+34.28	500 Share Index	+16.49
Packaging and Paper	+29.49	Industrial Group	+16.18
Investment Trusts	+26.37	Electricals	+14.82
Overseas Traders	+26.27	Capital Goods	+14.69
Building Materials	+26.13	Office Equipment	+13.78
Health and H'sehold Products	+23.94	Gold Mines Index	+12.54
Leisure	+22.72	Shipping and Transport	+12.14
Banks	+22.37	Insurance Brokers	+11.91
Motors	+21.98	Stores	+11.61
Food Manufacturers	+21.86	Mechanical Engineering	+11.49
Merchant Banks	+21.35	Other Groups	+ 8.76
Consumer Group	+20.57	Food Retailing	+ 6.04
Brewers and Distillers	+20.43	Insurance (Life)	+ 3.11
Contracting, Construction	+19.83	Electronics	+ 0.77
Oils and Gas	+19.06	Telephone Networks	−14.08

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	82	3	28	262	207	96
Corporations, Dom. and Foreign Bonds	18	5	46	72	57	216
Industrials	522	281	718	2,661	1,859	3,111
Financial and Props.	172	111	294	1,092	521	1,274
Oils	59	16	37	169	146	245
Plantations	1	1	12	17	10	43
Mines	52	47	83	305	255	341
Others	80	21	99	388	226	384
Totals	986	485	1,317	4,966	3,261	5,710

INTL. COMPANIES and FINANCE

German insurer bids for BfG bank

BY PETER BRUCE IN BONN

WEST GERMANY'S fifth biggest insurer, the Aachener und Muenchener, which is 20 per cent-owned by Britain's Royal Insurance Group, is negotiating to buy control of the Bank fuer Gemeinwirtschaft (BfG), the country's fifth biggest non-state bank, from the German trade union movement.

Aachener und Muenchener are believed to be offering around DM 2bn ($975m) for 51 per cent of BfG, in what will be the biggest take-over ever in West Germany's financial services industry. The move could also destroy the increasingly fragile boundaries between the nation's banking and insurance industries.

The Federation of German Trade Unions (DGB), which ultimately owns the BfG, said yesterday it expected the sale to the insurance group to be completed by the middle of November.

Union leaders have been forced into this sale by their commitment to continue funding the huge, debt-ridden Neue Heimat property group which they sold in September, by the deep inroads which Neue Heimat has made in union operating funds and by a determination by some unions, notably the IG Metall, to get out of business altogether.

The disposal marks the demise of *gemeinwirtschaft*, a form of co-operative born in Germany after the war in an attempt by the unions to combine socialist principles with the mechanics of capitalism. It is likely now that the unions will try also to sell or float off the Volksfuersorge insurance group, the nation's third biggest life insurer, with life premium income of DM 2.58bn last year.

The BfG, whose assets totalled DM 62.7bn at the end of 1985, is Germany's 12th biggest bank overall and employs about 8,000.

Aachener und Muenchener has been threatening to diversify away from insurance since it sold important stakes in two Cologne groups last year for DM350m. Earlier this year the company, which also owns the Thuringia insurance group in Munich and has a 24.8 per cent stake in PHB Weserhuette, a major bulk handling equipment manufacturer, declared net profits of DM 24.4m, up 14 per cent on 1984. It also raised dividends from DM 10 to DM 12.50, possibly smoothing the way for a rights issue.

Its purchase of the BfG would be the biggest inroad made into banking by a German insurer, although both banks and insurance groups have begun to graze furtively on each other's traditional territory. Two years ago the Deutsche Bank began offering a savings scheme with life insurance attached. The Allianz insurance group, Germany's biggest, also has a big stake in an important Bavarian bank, the Bayerische Hypotheken-und-Wechsel Bank.

Strong third quarter for Aetna Life

By David Blackwell in New York

AETNA LIFE Casualty, the largest shareholder-owned composite US insurance company, continued its strong momentum in the third quarter, lifting net profits from operations to $198.9m from $111.5m.

Mr James Lynn, chairman, said the results reflected a generally favourable operating performance in all divisions continuing recovery from the severe downcycle in the casualty-property business, and the absence of significant catastrophe losses in the quarter.

"We are making progress toward achieving a level of earnings appropriate for a company of our size and the risks we accept," he added.

At the net level, profits were $265.1m or $2.31 a share, up from $108.6m or 97 cents. The latest figure includes a credit $58m from a tax loss carry-forward.

Revenues rose to $5.02bn from $4.38bn in the quarter, and to $14.83bn from $13.44bn for the nine months, when final net profit was $758.2m or $6.63 a share, up from $228.9m or $2.02 previously.

Operating profits were $498.3m, up from $268.6m, for the nine months.

The group's life insurance results declined in the quarter, partly due to an unusually low death rate in the previous quarter. Commercial insurance earnings recovered to $59m, from a $3.2m deficit last time. American re-insurance earnings double to $20m.

Shipbuilding recession hits Mitsubishi HI

By Yoko Shibata in Tokyo

MITSUBISHI Heavy Industries (MHI), Japan's largest comprehensive heavy machinery maker, has had its pre-tax profits for the half-year to September cut to Y3.07bn ($19m), a tenth of the previous year's Y30.33bn.

Net profits were Y16.92bn, down 54.3 per cent on interim turnover of Y739.19bn, a drop of 15 per cent. The recession in the shipbuilding sector and the yen's steep appreciation were blamed.

During the half-year, the company received orders for 10 vessels including three liquid natural gas carriers, maintaining the overall value of orders at Y59.7bn. MHI sold seven vessels worth Y36.7bn, a drop of 36 per cent from Y57.3bn in sales the previous year. As a result, half-year turnover in its shipbuilding and iron structure business declined 17.6 per cent to account for 22.3 per cent of the total.

A sharp fall was recorded in its prime mover sector, down 43.9 per cent to account for 27.6 per cent of all sales.

It registered a Y27.86bn gain on a sale of shares in Mitsubishi Motor.

GM scales down Saturn project

By Our Financial Staff

GENERAL MOTORS, the biggest US car maker, has scaled down its Saturn small car project. Initially publicised as a key part of GM's strategy to fight off foreign imports.

The company has confirmed US reports that the project had been reduced to 200,000 cars a year from the initial goal of 500,000 small cars. GM had at one time hoped to lift production to 1m cars annually.

The confirmation comes only a week after GM revealed heavy third-quarter losses of $339m together with warnings of several US plant closures.

$1.51bn offer for Lear Siegler

BY DAVID OWEN IN NEW YORK

AFG PARTNERS, formed by California-based glass products maker AFG Industries and Wagner & Brown, a Texas energy partnership, is planning a bid for Lear Siegler, the aerospace, automotive products and electronics conglomerate at $85 a share or an indicated $1.51bn.

The move confirms speculation which has boosted Lear Siegler stock since the beginning of the month. By mid-morning yesterday shares in the company were trading at $86, compared with $81 overnight and $56½ on September 30.

In a letter delivered on Thursday to Lear Siegler, AFG Partners indicated that it was prepared to discuss a higher price if the Santa Monica-based conglomerate could "demonstrate additional value." The partners have committed $250m in equity to the proposed transaction, the partnership said.

Lear Siegler, whose products range from Piper aircraft to Smith and Wesson handguns, last week hired New York investment bank Drexel Burnham Lambert to defend itself against an unwanted takeover bid. In a tersely-worded statement, the company said it had retained the bank to advise "in connection with a possible restructuring of the corporation and/or other measures designed to maximise shareholder values in the near-term."

The company's net income fell 45 per cent to $55.5m in the year to end-June, principally due to a $31m after-tax charge to increase its aircraft-production liability reserve. Many of its problems have been attributed to the depressed general aviation industry.

TWA makes steady headway

BY OUR NEW YORK STAFF

TRANS WORLD Airlines, the fifth largest US airline controlled by Mr Carl Icahn, the New York-based investor, achieved net income of $65.2m for the third quarter, compared with a net loss of $13.5m in the corresponding period last year.

After provision for preferred dividend requirements, the net income per common share was $1.64 for the latest quarter, compared with a net loss of 56 cents a share last time.

Operating profit for the three months more than doubled from a year earlier to $104.8m—a third-quarter record for TWA—from $51.1m in 1985. The improvement was attributed to reduced unit cost in scheduled passenger operations despite a general downturn in transatlantic traffic. A unit cost reduction of 17.1 per cent from last year's levels was achieved in the latest period.

Operating revenues shrunk by 16.7 per cent to $900m from $1.1bn, but operating expenses dropped a steep 22.7 per cent to $795m.

Nine-month results remain in the red, however. There was an after-tax loss for the 1986 period of $191.3m, compared with a net loss of $69.7m in the same period of 1985. After provision for preferred dividends, the net loss per common share was $5.57, up from $2.57.

Nine-month operating revenues were down 20.7 per cent.

Sumitomo Rubber deal with Dunlop US confirmed

BY JOHN GRIFFITHS AND YOKO SHIBATA

SUMITOMO Rubber Industries, one of Japan's major tyre companies, confirmed yesterday that it has agreed to acquire a majority holding in Dunlop Tire Corporation of the US.

The agreement will give Sumitomo an important foothold in the US tyre market. No detail was given of the value of the deal, but it is believed that Sumitomo may be paying as much as $100m for its stake.

Sumitomo already holds 10 per cent of DTC, which was a subsidiary of Dunlop of the UK until sold off in a leveraged buyout by an investment group last year. The group comprised DTC's management, First Boston Corporation, New York Life Insurance Company, Prudential Insurance Company of America and Sumitomo.

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Under the agreement, Sumitomo will hold the majority of shares, with the remainder owned by DTC employees.

DTC has manufacturing facilities at Buffalo, Huntsville and Utica in the US, but also imports a significant number of tyres from Japan and Europe, principally Britain.

The key factor in Sumitomo's decision to take control of DTC is the expansion of assembly and manufacturing of Japanese vehicle producers in North America. US industry estimates are that Japanese companies will be producing well over 1m vehicles a year in the US by the end of the decade.

SP Tyres, Sumitomo's UK subsidiary, also stands to gain from the move as DTC is already its biggest export customer.

Mr Gregory Wand, SP sales and marketing director, said yesterday that Sumitomo had already transferred to SP some of the US business formerly supplied from Japan.

"We can now look forward to further significant growth of our exports to the US, particularly of heavy truck tyres, where so far this year we have increased our business by 55 per cent."

Special gain keeps Amax in the black

By Kenneth Marston, Mining Editor

AMAX, the major US mining and metals group, reports earnings of $2.6m for third quarter after crediting a pension gain on discontinued businesses of $30m. This follows a net profit of $8m in the second quarter when there were no special items and one of $33.4m in the first quarter which included a pension gain of $80m.

Earnings for the first nine months of this year thus come out at $64m, or 76 cents per share, compared with a net loss of $518.4m in the same period of 1985, which was reached after making a provision of $315m for losses on continuing business segments.

Operating profits for the latest nine months amount to $53m, compared with a loss of $10m a year ago. Amax says that lower costs are helping the molybdenum and coal operations while gold production is rising with lower than expected costs.

Sharp's profit slides 29.5% in first half

By Our Tokyo Staff

SHARP, Japanese appliance maker, yesterday reported a 29.5 per cent fall in pretax profit to Y24.03bn ($149m) in the half-year to September.

Net profits were Y14.06bn, down 24 per cent, on sales of Y451.91bn, a fall of 8.5 per cent from a year before. Sales on the domestic market expanded 7.8 per cent.

And Sharp has lowered its projections for the full year. It now predicts its pre-tax profits to reach Y45bn, down 30 per cent. Net profits are forecast at Y26bn, down 26 per cent, on turnover of Y900bn, down 6 per cent. However, the company intends to maintain its per-share annual dividend at Y11.

Soviet credit

The mandate for the Soviet Foreign Trade Bank credit awarded to BNP of France is for $300m and not the $30m stated yesterday.

Enron blames dive into red on weak oil price

BY OUR NEW YORK STAFF

ENRON, THE big US energy group formed from last year's merger of Internorth and Houston Natural Gas, has attributed a fall into the red in the third quarter to the continued depression of oil and natural gas prices.

The group earlier last month ended a double threat to its independence by repurchasing stock held by Mr Irwin Jacobs, the Minneapolis investor, and Leucadia National, at well above the going rate.

The net loss for the quarter of $18m included a gain of $9.9m from discontinued operations, and compares with net profit last time of $24.7m or 25 cents a share. Revenues for the quarter fell by 45 per cent to $1.29bn from $2.33bn.

At the nine-month stage the group earned $49.5m or 29 cents a share, including $14.3m from discontinued operations. This compares with $142.3m or $2.40 a share last time. Revenues were $6.6bn, against $8.64bn.

The 1985 figures have been restated for a previously announced change of accounting. Figures for both 1985 and 1986 reflect the reporting of the group's chemical business as a discontinued operation. In September, it agreed to sell the chemicals subsidiary for $575m.

Mr Kenneth Lay, chairman, said negative factors other than the oil and gas price included the fact that the group was not realising any income on its Peruvian operations, continued high interest expenses, and an additional charge of about $5.5m for severance and relocation programmes.

Sydney extends daily futures trading hours

BY CHRIS SHERWELL IN SYDNEY

SYDNEY'S Futures Exchange, which has introduced two new financial futures contracts in the past week, is to extend its trading hours still further to give an international triple-overlap in daily futures dealing.

The decision was made in response to requests from Chicago Board of Trade dealers following last week's introduction in Sydney of a US Treasury bond contract which is fungible with the London International Financial Futures Exchange (Liffe).

From November 11, the Sydney floor will open 1½ hours earlier at 6.30 am in order to overlap with the last half-hour's trading the previous day in Chicago. Sydney will stay open until 6 pm, which is currently equivalent to 7 am London time.

The decision means Chicago traders can deal in the Treasury bond contract and the new Eurodollar futures contract through both Liffe and Sydney. The Eurodollar contract started trading for the first time on Thursday.

In Sydney it means that member firms, having recently agreed to the 8 am-6 pm day for the new contracts, will now put their traders on two shifts in order to man the exchange's pits.

The belief in Sydney is that a triple offset arrangement may at some point become feasible, extending to Chicago the current link between Sydney and Liffe which allows a contract agreed in one centre to be unwound in the other.

For now, it remains premature to judge the success of the latest moves. The Treasury bond contract started on October 23 with more than 2,100 lots traded. On the third day volume had dropped below 200, and it has since managed levels of 250 to 500.

The Eurodollar contract began with a volume of only 389, far less than its nearest competitor, the Singapore International Monetary Exchange (Simex), which has an offset link with the Chicago Mercantile Exchange.

Simex, with two years of experience in this contract, showed a record 13,000 lots, a figure which dwarfed the record for all contracts together of 9,300, set in September. The high volume was due mainly to speculation about an interest rate cut in Japan.

Yesterday in Sydney the Eurodollar contract's volume died altogether, with only some 15 lots traded, but volume was said to be low in Singapore.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1220/240	—50	$995/1015	$1408/1450	$1158/1178
Antimony					
Free Market 99.6%	$2430/490	—140	$2780/2850	$2720/2780	$2300/2350
Copper Cash Grade A	£921.5	—11	£950	£1028.5	£862.25
3 months Grade A	£946.25	—10.5	£975.75	£1059.25	£881.25
Gold per oz	$400.625	—10.575	$324.75	$439.375	$327.5
Lead Cash	£327.5	+12	£262.5	£327.5	£233.5
3 months	£321.25	+7.5	£272.5	£321.25	£241.25
Nickel					
Free market	165/183c	—1	185/205c	195/216c	162/182c
Palladium	$150.00	+2.5	$101.40	$151.00	$95.25
Platinum per oz	$571.00	+5.5	$321.25	$675.75	$342.50
Quicksilver (76 lbs)	$160/180	+10	$265/275	$250/260	$115/125
Silver per oz	400.75p	+3.65	421.40p	452.10p	317.70p
3 months per oz	411.20p	+3.55	432.90p	466.20p	325.60p
Tin					
Free market	£4,360/400	+225	:	£5900/6250	£3,420/450
Tungsten Ind	$51.25	—	$70.73	$69.74	$50.08
Wolfram (22.04 lb)	$32/42	—2	$62/68	$56/63	$32/42
Zinc cash	£630.5	+11.5	£407	£632.5	£408
3 months	£607.5	—10	£418.5	£621.75	£419.25
Producers	$920	—	$660/750	$920	$650/570
GRAINS					
Barley Futures Jan	£113.05	+0.45	£110.02	£118.80	£96.90
Maize French	£144.25v	—	£134.00	£154.00	£130.00
WHEAT Futures Jan	£111.55	+0.50	£109.75	£121.45	£98.30
SPICES					
Cloves	$3,950	—150	$3450	$5,100	$3,950
Pepper white	$6,150	+50	$4700	$6,725	$4,600
black	$4,600	—	$3925	$4,700	$3,600
OILS					
Coconut (Philippines)	$415x	—	$425	$470	$200
Palm Malayan	$330r	—	$390	$405	$197
SEEDS					
Copra (Philippines)	$260z	—	$265	$290	$140
Soyabeans (U.S.)	$168v	+7	$219	$229.8	$137.5
OTHER COMMODITIES					
Cocoa Futures Mar	£1518.5	—30.5	£1701.5	£1,804.5	£1,264.5
Coffee Futures Jan	£2277.5	—75	£1993	£3,007.5	£1,631.5
Cotton Outlook A Index	:	—0.85	48.15c	55.25c	36.35c
Gas Oil Fut. Dec	$125.5	+1.75	$264	$232.75	$90.75
Jute LJA BWC grade	$225	—5	$320	$320	$215
Rubber kilo	67.5p	+0.5	56p	68p	54p
Sisal No. 3L	$620	—5	$590	$625	$590
Sugar (Raw)	$143.5z	+1.5	$143	$222.5	$115
Tea (quality) kilo	198p	+3	175p	202p	175p
(low med) kilo	136p	+3	102p	136p	80p
Wooltops 64s Super	418p kilo	+5	408p Kilo	428p kilo	387p kilo

† Unquoted. (g) Madagascar. (v) Nov. (y) Oct-Nov. (z) Nov-Dec. (x) Jan-Feb. (r) Dec.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	807-8	—7	818/808
3 months	820-1	—6	827/818

Official closing (am): Cash 808-8.5 (804-5), three months 821-1.5 (819-9.5), settlement 808.5 (805). Final Kerb close: 821-2. Turnover: 13,100 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	921-2	—5	925/925
3 months	945-5.5	—6.5	951/945

Official closing (am): Cash 924.5-5 (917-7.5), three months 948-5.9 (942.5-3), settlement 925 (917.5). Final Kerb close: 948-9.

Standard			
Cash	900-2	—5	903.5/903.5
3 months	925-7	—6	—

Official closing (am): Cash 904-4.5 (897-7.5), three months 929-31 (923-4), settlement 904.5 (897.5). US Producer prices 62.5-68 cents per pound. Total Turnover: 13,200 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	327-8	+1.75	330/328
3 months	321-1.5	+1.5	325/318

Official closing (am): Cash 328-9 (325-9), three months 323-4 (319.5-20), settlement 329 (329). Final Kerb close: 320-1. Turnover: 6,900 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2575-85	—17.5	2565/2560
3 months	2625-30	—15	2635/2610

Official closing (am): Cash 2,560-5 (2,555-60), three months 2,610-5 (2,610-5), settlement 2,565 (2,560). Final Kerb close: 2,630-35. Turnover: 726 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 15.90 (15.65) ringgit per kg. Up 0.25.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	630-1	—2	639/625
3 months	607-8	—3	615/606

Official closing (am): Cash 838-8.5 (624-5), three months 611-2 (605-6), settlement 638.5 (625). Final Kerb close: 607-08. Turnover: 18,600 tonnes. US Prime Western: 44-50.75 cents a pound.

GOLD

GOLD BULLION (fine ounce) Oct. 31		
Close	$400¼-401	(£284½-285¼)
Opening	$405½-406	(£288¼-288¾)
M'n'g fix	$401.50	(£285.847)
Aft'n'n fix	$401.00	(£285.166)

GOLD AND PLATINUM COINS

Am Eagle	$416½-421	(£295¾-299½)
Mapleleaf	$410¼-414¾	(£291¾-295)
Kr'g'r'nd	$400-403	(£284½-286½)
½ Krug	$199½-209	(£141¾-148½)
¼ Krug	$100-107	(£71-76)
Angel	$410-413	(£291½-293¾)
1/10 Angel	$43-46	(£30½-32¾)
New Sov	$95-97	(£67½-69¼)
Old Sov	$95½-97	(£68-69)
$20 Eagle	$480-530	(£341½-371)
Noble Plat	$584-594	(£415½-422½)

Gold fell $5⅞ an ounce from Thursday's close in the London bullion market yesterday to finish at $400¼-401. The metal opened at $405½-406 and touched a high of $406¼-406¾ before dipping below $400 to a low of $397½-398¼. A cut in Japanese interest rates and a strong dollar recovery were the principal factors behind the decline.

SILVER

Silver was fixed 3.7p an ounce higher for spot delivery in the London bullion market yesterday at 400.75p. US cent equivalents of the fixing levels were: spot 560.65c, up 1c; three-month 568.35c, up 0.75c; six-month 578.35c, up 0.7c; and 12-month 592.8c, up 1.15c. The metal opened at 403-404½p (567-569c) and closed at 399½-401p (562-564c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	400.75p	+3.70	399.5p	—8.5
3 months	411.20p	+3.60	409.5p	—3
6 months	422.25p	+3.90	—	—
12 months	443.70p	+3.90	—	—

LME—Turnover: 2 (13) lots of 10,000 ounces.

Three months high 409.5p, low 408.5p, final Kerb 409-11p.

SOYABEAN MEAL

	Y'sterd'ys close £ per tonne	+ or —	Business done
Dec.	134.8-135.2	+0.85	135.8-134.8
Feb.	136.5-137.0	+0.80	138.5-136.8
April	137.5-138.5	+1.25	—
June	135.4-135.5	+0.60	136.5-135.8
August	135.5-164.5	—0.60	—
October	136.8-138.0	+0.75	—
Dec.	136.0-137.5	...	—

Sales: 376 (73) lots of 20 tonnes.

INDICES

REUTERS

Oct. 30	Oct. 29	M'th ago	Year ago
1594.4	1594.4	1557.0	1718.0

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct 30	Oct 29	M'th ago	Year ago
Spot	120.84	120.57	—	117.90
Fut	120.97	119.56	—	121.09

(Base: December 31 1931 = 100)

COCOA

After opening £10 easier, as due, futures traded quietly through the morning but lost further ground in the early afternoon and remained weak thereafter, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business Done
Dec	1488-1490	—27.5	1509-1485
March	1518-1519	—30.0	1541 1515
May	1541-1542	—30.0	1565-1539
July	1563-1567	—28.5	1585-1565
Sept.	1587-1588	—28.5	1607-1587
Dec.	1618-1619	—25.0	1635-1618
March	1648-1649	—22.0	1663-1648

Sales: 3,568 (1,720) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for October 31: 90.78 (92.31): five-day average for November 3: 92.53 (93.03).

POTATOES

The market saw an initial dip but found good buying interest based around £159.00, basis April morning. Trading was very thin with no fresh information. Fresh buyers were in evidence in the afternoon and movement was brisk due to thin volume, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov	108.30	105.00	110.10-105.00
Feb	118.50	117.00	—
Apr	162.70	159.90	165.00-158.60
May	180.00	177.20	180.00-177.00
Nov	85.00	85.00	—

Sales: 324 (526) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $143.50 (£103.00), up $2.50 (up £3.00) a tonne for November-December delivery. White sugar $181.00, unchanged.

News of a fresh tender next week by India lifted prices but again resistance was uncovered at $156, basis March, reports C. Czarnikow.

No. 6 Contract	Yest'rdy's close $ per tonne	Previous close	Business done
Dec	145.4-145.0	140.0-143.0	145.2-141.
Mar	156.0-156.2	155.8-155.4	158.8-154.0
May	158.8-159.0	156.6-157.0	159.0-157.2
Aug	165.8-165.4	160.0-160.6	163.0-160.0
Oct	167.2-168.0	165.0-165.4	168.0-165.6
Dec	169.2-172.0	167.2-170.0	170.0-167.0
Mar	178.0-181.8	177.0-180.0	—

Sales: 3,169 (7,729) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £206.50 (£203.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for October 30: Daily price 5.66 (5.75); 15-day average 5.63 (5.58).

PARIS—(FFr per tonne): Dec 1225/1228, March 1269/1271, May 1304/1314, Aug 1339/1343, Oct 1370/1380, Dec 1405/1420.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Oct.	—	786	784/785
Jan.	757/758	766/753	745/746
April	795/800	810/800	792/793
July	700/704	706/702	701/702
Oct.	805/815	805	770/820
Jan.	780/810	—	793/823
Apr.	900/925	—	890/935
July	810/820	—	810/825
BFI.	786.5	—	786

Turnover: 134 (213).

	Close	High/Low	Prev.
Tankers			
Oct.	—	—	790/800
Nov.	920/940	930	915/930
Dec.	920/950	936	930/965
Mar.	930/950	—	930/963
June	930/970	—	940/970
BTI.	792.5	—	790

Turnover: 16 (17).

OIL

Traders were active in December and January Brent. December Brent was trading around $15 in mid-afternoon but lost about 20c by the close. December WTI opened 40c up on Nymex and traded a further 38c up by 1.30 pm EST. The petroleum products markets were very firm on bullish noises from Opec. Gasoline continued to fall on lack of buyers and naphtha remained quiet—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	12.60-12.85	+0.625
Brent Blend	14.30-14.40	+0.65
W.T.I. (1pm est)	15.35-15.40	+0.775
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	138-141	—2
Gas Oil	117-120	+7.5
Heavy fuel oil	68-70	+6
Naphtha	116-119	+0.5

US MARKETS

PRECIOUS METALS futures traded sharply lower on the opening with the December gold contract touching $400m per ounce—its lowest level for two months—and platinum losing over $15, as a strong dollar in the wake of the US/Japan "pact" helped to undermine a market which had surprised onlookers at the previous close, when good support left the market comfortably poised above immediate support targets, reports Heinold. Rumours of Eastern European selling interest in a nervous Zurich session had unsettled the market early on, as spot values briefly dipped below $400. Values did however manage to recover to finish at $405.5, leaving chartists uncomfortable but many traders relieved. Coffee futures again saw some nervous activity, with a dip under 170 in the December position causing some concern. However, dealer position squaring ahead of the weekend rallied prices late in the session to leave the market at 174.30 per ounce. Crude oil approached the close a confident 30 higher on the day, although early highs in the December delivery at $15.65 were quickly taken back.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	49.90	—	—	49.95
Dec	50.15	50.50	50.15	50.20
Jan	50.25	—	—	50.30
March	50.60	50.85	50.70	50.65
May	50.80	—	—	50.85
July	51.00	—	—	51.05
Sept	51.20	51.75	51.75	51.25
Dec	51.30	—	—	51.35
Jan	51.50	—	—	51.55
March	51.60	—	—	51.65

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	1876	1920	1876	1917
March	1927	1943	1920	1953
May	1960	2981	1959	1983
July	1984	1998	1981	2008
Sept	2001	—	—	2026
Dec	2030	2035	2020	2038
March	2054	—	—	2082

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	58.50	—	—	58.80
Dec	58.80	58.85	58.50	59.10
Jan	58.95	—	—	59.25
March	59.30	59.35	59.00	59.60
May	59.30	59.65	59.75	60.10
July	60.15	60.15	60.10	60.45
Sept	60.45	60.50	60.50	60.75
Dec	61.05	—	—	61.35
Jan	61.20	—	—	61.50
March	61.50	—	—	61.80

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	46.21	47.05	45.80	47.38
March	46.42	47.10	46.05	47.45
May	47.00	47.25	46.55	47.70
July	47.45	48.00	47.40	48.41
Dec	48.93	49.30	48.90	49.75
March	50.35	—	—	50.35
March	49.52	—	—	50.25

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Latest	High	Low	Prev
Dec	15.26	15.65	15.22	15.04
Jan	15.44	15.80	15.38	14.87
Feb	15.48	15.90	15.48	14.97
March	15.50	15.85	15.48	14.98
April	15.42	15.80	15.48	14.98
May	15.60	15.80	15.45	14.58
June	15.65	15.70	15.60	14.98
July	15.64	15.80	15.50	14.98
Aug	15.80	—	—	14.98

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	403.6	400.5	399.0	406.0
Dec	405.5	407.3	—	409.9
Jan	407.1	—	—	—
Feb	408.7	410.2	403.5	413.2
April	411.8	413.5	406.0	416.3
June	415.1	418.8	410.0	419.7
Aug	418.6	417.0	417.0	423.3
Oct	422.1	422.5	418.5	426.8
Dec	425.7	426.0	421.5	430.5
Feb	429.8	431.5	428.0	434.7
June	438.4	—	—	443.4

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Nov	40.50	41.40	40.10	39.57
Dec	42.00	43.00	41.80	40.44
Jan	43.00	44.30	43.00	41.62
Feb	44.20	45.25	44.10	42.58
March	43.40	44.10	43.20	41.90
April	42.80	43.00	42.20	41.15
May	41.10	42.40	41.10	40.50
June	41.00	41.20	41.00	40.20
July	42.00	42.00	42.00	40.40
Aug	42.50	42.50	42.50	41.00

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
Dec	173.71	174.30	169.60	172.07
March	169.30	169.35	166.35	168.32
May	169.38	169.50	166.35	169.23
July	171.00	171.00	167.50	169.90
Sept	170.30	168.50	167.50	169.26
Dec	168.50	167.50	167.50	169.00

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	118.40	118.40	117.25	117.25
Jan	118.40	119.90	118.60	118.90
March	119.70	120.10	119.00	119.50
May	119.70	120.20	119.25	119.65
July	119.65	—	—	119.78
Sept	119.95	119.50	119.20	120.45
Nov	120.20	120.50	120.50	121.05
Jan	120.45	—	—	121.35

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	572.0	—	—	587.3
Jan	574.0	580.0	571.5	588.3
April	579.0	583.5	576.0	592.3
July	586.0	589.0	584.5	596.8
Jan	597.0	597.0	597.0	605.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	565.4	—	—	569.3
Dec	568.0	569.5	562.6	572.0
Jan	570.8	—	—	574.8
March	576.0	577.5	571.0	580.1
May	581.4	582.0	578.5	585.6
July	587.1	588.5	583.5	591.3
Sept	593.0	594.5	594.5	597.3
Dec	602.1	604.0	595.0	606.5
Jan	605.5	—	—	609.9
March	611.9	—	—	616.4

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	6.39	6.50	6.39	6.40
March	6.90	6.99	6.86	6.84
May	7.04	7.12	7.02	6.99
July	7.22	7.25	7.16	7.12
Sept	7.32	—	—	7.22
Oct	7.44	7.47	7.40	7.37
Jan	7.69	—	—	7.82

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	59.57	60.55	59.50	59.82
Feb	56.95	57.42	56.70	56.95
April	57.30	57.87	57.25	57.40
June	59.05	57.45	56.95	57.00
August	56.05	56.15	55.75	55.87
Oct	54.85	55.00	54.65	54.60

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	51.60	52.85	51.60	53.10
Feb	48.90	50.30	48.90	50.40
April	44.32	45.75	44.32	45.82
June	46.70	48.00	46.67	48.17
July	46.15	47.50	46.15	47.65
August	45.20	46.30	45.20	46.30
Dec	42.90	42.95	42.90	42.97

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	High	Low	Prev
Dec	173.2	176.4	172.6	174.4
March	181.6	184.4	181.4	183.2
May	187.2	189.6	187.2	189.0
July	190.0	192.2	189.6	191.2
Sept	189.0	191.6	189.0	190.0
Dec	192.2	193.4	191.6	193.0
March	199.6	—	199.6	200.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	68.10	69.97	68.10	70.10
March	65.80	68.45	66.80	68.80
May	66.25	67.92	66.25	68.25
July	64.70	66.50	64.70	66.67
Aug	62.32	64.00	62.30	64.30

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	High	Low	Prev
Nov	498.2	502.0	495.4	497.2
Jan	500.0	504.0	493.6	502.4
March	504.2	509.2	504.0	507.6
May	509.0	514.0	508.6	512.6
July	511.2	515.4	511.0	514.6
Aug	510.4	514.4	510.4	513.4
Sept	502.4	506.4	502.4	505.0
Nov	504.0	507.0	503.4	506.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	151.7	152.0	148.5	149.1
Jan	151.9	152.0	149.0	149.6
March	151.8	153.0	150.0	150.3
May	151.8	152.5	150.2	150.7
July	151.9	152.7	150.5	150.9
Aug	152.0	152.0	150.7	151.7
Sept	151.0	151.5	151.0	150.5
Oct	150.5	150.5	149.7	150.2
Dec	151.7	151.5	152.0	151.5

SOYABEAN OIL 60,00 lbs, cents/lb

	Close	High	Low	Prev
Dec	15.31	15.85	15.25	16.01
Jan	15.47	15.98	15.45	16.15
March	15.73	16.22	15.70	16.39
May	15.95	16.42	15.95	16.59
July	16.09	16.47	16.05	16.70
Aug	16.20	16.55	16.20	16.80
Sept	16.20	16.60	16.20	16.75
Oct	16.21	16.65	16.21	16.75
Dec	16.65	16.60	16.70	16.75
Jan	16.65	16.60	16.70	16.75

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Dec	287.0	290.4	286.0	290.8
March	272.2	276.0	270.4	275.4
May	255.4	259.4	255.0	259.0
July	243.6	246.4	243.4	245.6
Sept	245.0	248.0	245.0	247.0
Dec	251.4	253.0	251.4	253.0

SPOT PRICES—Chicago loose lard 15.00 (15.00) cents per pound. Handy and Harman silver bullion 564.5 (560.5) cents per troy ounce.

GAS OIL FUTURES

Month	Yest'rdy's close US $ per tonne	+ or —	Business Done
Nov	120.00	+7.00	122.75-15.50
Dec	125.50	+7.50	127.75-20.50
Jan	129.25	+8.25	131.00-23.75
Feb	132.00	+8.50	133.50-26.75
Mar	129.00	+9.00	129.00-28.50
Apr	127.25	+9.25	—

Turnover: 6,079 (7,729) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close US $ per tonne	+ or —	Business Done
Nov	67.00	—1.50	—
Dec	71.00	—6.00	71.00
Jan	75.00	—4.25	—
Feb	—	—	—

Turnover: 9 (11) lots of 100 tonnes.

LEADED GASOLINE

Month	Yest'rdy's close	+ or —	Business Done
Nov	147.50	—	—
Dec	—	—	—
Jan	156.00	—	—
Feb	—	—	—

Turnover: 0 (0) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened slightly easier, attracted little interest throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers): Spot 67.50p (same); Dec 66.75p (66.50p); Jan 67.50p (66.75p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 231.5 (same) and SMR 20 203.0 (same).

FUTURES—Index 673, Dec 670-680, Jan/March 685-690, June 698-706, July/Sept 700-708. Sales: Nil.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 91.45p per kg lw (−0.67). GB—Sheep 143.68p per kg est dcw (+11.47). GB—Pigs 79.28p per kg lw (−1.40).

FUTURES—Pigmeat: Nov 111.90, sales 19. Pigs: Nov 102.80, sales 30.

GRAINS

Mnth	WHEAT Yesterday's close	+ or —	BARLEY Yest'rdy's close	+ or —
Nov	108.45	+0.60	109.55	+0.55
Jan	111.55	+0.40	113.05	+0.85
Mar	114.15	+0.55	115.35	+0.70
May	116.25	+0.55	116.05	+0.50
July	118.00	+0.35	—	—
Sep	101.45	—	101.45	—
Nov	103.90	+0.20	103.90	—

Business done—Wheat: Nov 108.45-7.85, Jan 111.60-1.05, March 114.15-3.80, May 116.20-6.00, July, Sept and Nov untraded. Sales: 252 lots of 100 tonnes. Barley: Nov 109.50-9.00, Jan 113.05-2.60, March 115.15-5.05, May 115.95, Sept and Nov untraded. Sales: 91 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring. No. 1. 15 per cent: Nov 106.25, Dec 107.50. US No. 2 Soft Red Winter: Nov 113.25, Dec 115.75. French 11½-12 per cent: Nov 132.75. English feed, fob: Nov 113.00 seller, Dec 113.50-114.00 buyer/sellers, May/July: 119.50 sellers East Coast. Maize: US No. 3 Yellow/French transhipment East Coast: Nov 144.25. Barley. English feed, fob: Nov 115.00, Dec 116.00, Jan/March 118.25 buyers.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 108.10, N East 110.90, Scotland 102.00. The UK monetary coefficient for the week beginning Monday November 10 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

COFFEE

In moderate volume the market continued to trade within its recent range, reports Drexel Burnham Lambert. The market moved lower in the morning, finding little support until it hit technical support levels. By late afternoon trade buying had recovered all losses.

COFFEE	Yesterday close	+ or —	Business Done
Nov	2273-2275	—11.0	2300-2235
Jan	2275-2280	—7.5	2300-2250
Mar	2160-2172	—12.5	3200-2150
May	2185-2190	+7.5	2200-2160
July	2200-2210	+12.5	2200-2180
Sept	2200-2220	+15.0	2200-2180
Nov	2200-2230	+25.0	—

Sales: 3,297 (7,135) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 30: Comp daily 1979 157.70 (156.24); 15-day average 159.91 (160.72).

WORLD STOCK MARKETS

WALL STREET

Mixed on mild profit taking

STOCKS TRADED mixed on Wall Street yesterday, when some mild end-of-the-week profit-taking set in. Oils, reacting to sharp increases in the price of oil, advanced for the second consecutive day, while Insurances provided much of the market's drag.

The Dow Jones Industrial Average closed down 0.56 to 1,877.81 following a string of four advancing sessions, a rise of 45.55 on the week. The NYSE All Common index, at £140.42, rose 16 cents on the day and $3.14 on the week. Advances led declines by 894 to 671. Volume fell to 147.21m (194.22m) shares.

Oils posted gains for the second consecutive day, following Wednesday's ouster of Saudi Arabian Oil Minister, Ahmed Zaki Yamani, and the subsequent rise in oil prices.

Atlantic Richfield gained $1½ to $56⅞, Chevron $1 to $44¾ and Pennzoil $2½ to $71⅞.

USX rose $1 to $26 in active trading — it is still considering restructuring plans and a takeover proposal from New York investor Carl Icahn.

The long awaited half point cut in the Japanese discount rate caused only a whisper in yesterday's market, having been factored in as an ingredient to Thursday's strong 27 point gain in Blue Chips.

Stocks of Property and casualty insurers dropped sharply after analysts at two Wall Street brokerage firms lowered recommendations, traders said.

General Re Corp fell $2¾ to $54⅞. American International Group $5⅛ to $122⅜ and Chubb $3⅞ to $66.

Aetna declined $1⅛ to $55⅞, despite third quarter earnings of $1.72 compared to 98 cents a year ago.

Brokerage Houses continued to be the subject of much takeover speculation, which was reignited earlier this week when rumours circulated that American Express' Shearson Lehman Brothers was going after E. F. Hutton.

Lear Siegler rose $4⅞ to $85⅞ on an acquisition proposal from AFG and Wagner and Brown.

THE AMERICAN SE Market Value index rose 0.97 to 265.59, making a gain of 3.27 on the week. Advances led declines 322 to 234.

CANADA

Stocks advanced strongly as Energy issues fuelled a rally in reaction to firmer crude prices and the ousting of Saudia Arabia's Oil Minister.

The Toronto Composite index gained 12.30 to 3038.90, Oil and Gas 37.6 to 3749.8, but Golds dipped 23.9 to 5082.6.

Oils also benefitted from Alberta's royalty tax break announced this week.

TOKYO

The Nikkei Dow market average closed 100.32 lower at 16,910.63 on domestic-demand centred profit-taking as the impact of an expected half-point cut to three per cent in Japan's discount rate had been discounted Thursday.

But some export-related and oil price-sensitive shares rose on a weaker yen and higher prices for crude.

Thursday, the market average gained a one-day record 505.57.

Turnover Friday 500m (580m) shares.

Securities firms, Communication, Real Estate, Life Insurance, Transport, Gas and Construction shares led declines.

Volume dwindled in the afternoon as investors took to the sidelines to await announcement of the rate cut which came 30 minutes after the market closed.

Advances exceeded declines by 462-to-348, suggesting that investors were focusing on medium and smaller capitalisation issues and paying more attention to earnings.

The broad-based first section index lost 13.96 to 1,407.96, after surging 46.45 Thursday.

HONG KONG

Little changed after a late rally erased early losses.

The Hang Seng index put on 2.82 at 2,315.63 and the Hong Kong index closed 1.64 higher at 1,465.95. Turnover HK$840.85m (HK$862m).

New World shed 10 cents to HK$8.95 on heavy profit taking despite sharply higher profits and bonus warrants.

SINGAPORE

Buying interest and short covering pushed prices up over a broad front in active trading.

The Straits Times Industrial index jumped 16.66 to 937.37, highest since August 22 1984, when it stood at 940.80. Turnover S$32m (33.9m) shares.

Prices and volume picked up in the afternoon after a slow morning in anticipation of fresh buying by Central Provident Fund account holders on Monday.

Selangor Properties topped actives with 1.4m shares and closed one cent higher at S$1.33. UOB held steady at S$4.78 on 1.04m units, while Hotel Mayco Pole rose 6 cents to S$1.08 on 1.03m shares.

AUSTRALIA

Australian shares closed at record levels as markets responded to higher oil and gold prices and downward pressure on interest rates.

The All Ordinaries index was up 12.5 at a record 1,377.5, compared with the previous record close of 1,374.3 on Wednesday. The All Industrials index rose 10.3 to 2,157.5 from Thursday's record close, while the Gold index put on 24.7 to 1,642.9 and the All Resources index 14.4 to 785.5. Oil and Gas moved up 20.0 to 574.7.

National turnover 184.30m shares worth A$251.18m with rises outnumbering falls 411-to-209.

Turnover was buoyed by heavy trading in leading Industrials and situation stocks and brokers reported strong overseas interest.

NZ Forest rose 40 cents to A$2.85, eight cents above the price broker Ord Minnet is offering for 44m shares.

Markets took a positive view of Ahmed Zaki Yamani's replacement as Saudi Oil Minister after initial worries and most Resource-related stocks closed higher.

Among the Golds, Emperor put on 26 cents to A$6.50 and Poseidon 35 cents to A$4.75.

GERMANY

Shares closed off the day's highs but still marked up strong gains, with special interest shown in Banks and Daimler.

The Commerzbank index of 60 leading shares, set at mid-session, rose 42.2 to 1,995.7.

Dealers linked Banks' good performance to a financial newsletter report that Insurance group Aachener und Muenchener intended to buy the union owned Bank fuer Gemeinwirtschaft.

They said any financial benefit to the unions from a BfG sale would indirectly aid the Neue Heimat housing group, which owes German banks some DM 12bn.

The unions sold the Neue Heimat housing group earlier this month, but have still pledged substantial funds to help it return to economic health.

In Banks, which one dealer said also benefited from prospects of good first 10-month figures, Deutsche closed at 784, up DM 6.50, Dresdner rose DM 8.80 to 385.80 and Commerz gained DM 6 to 311.

AMSTERDAM

Dutch share prices eased during the day after Thursday's highs triggered some profit-taking in moderate trade.

Thursday's gains in anticipation of Friday's half-point Japanese discount rate cut, firm Wall Street trading and the higher dollar were followed by a renewed cautiousness ahead of next week's third quarter results by leading firms.

Internationals went against the trend and closed mainly higher. But KLM fell Fls 1.10 to 45.80 on expectations of higher fuel prices.

Royal Dutch firmed Fls 6.9 to 204.50 and Unilever gained Fls 5.80 to 487.80 on the higher dollar and foreign buying interest.

CANADA

Stock	Oct. 31	Oct. 30
AMCA Intl	11⅛	10⅝
Abitibi	--	—
Agnico Eagle	27	27⅝
Alberta Energy	12½	11⅝
Alcan Aluminium	43	42¾
Algoma Steel	13¾	13¾
Bank Montreal	34⅛	33¾
Bank NovaScotia	16⅜	16¼
BCE	37⅛	37⅛
Bombadier A	14¾	15⅛
Bow Valley	11⅜	11¼
B.P Canada Res	33½	33¼
Prascan A	26¾	26.50
BC Forest	13¾	13½
CIL	26.87	26⅞
Cadillac Fairview	33	32½
Cambell Red L.	28⅝	28⅞
Can. Cement Pt.	13½	13½
Can. NW Energy.	14¼	14
Can. Packers	15⅝	15⅜
Can. Trustco	48¾	48¼
Can- Imp. Bank	19⅛	19
Can Pacific	15½	15⅜
Can Tire C	14⅝	14⅝
Canfor	16	14⅞
Carling O'kfe	13⅝	13½
Chieftain	8⅞	8¾
Cominco	13¼	13⅛
Coniagas Mines	5	5
Cons. Bathst. A	25½	25
Coremark Int	6½	6¾
Costain	11⅞	12.00
Denison Mines	5¾	5¾
Dofasco Inc	23½	23½
Dome Mines. A	9¾	9¾
Dome Petroleum	0.98	1.02
Domtar	33½	33⅛
Falconbridge	17⅝	17⅞
Fed Inds. A	17¾	17⅞
Gendis A	18⅝	18⅜
Giant Y'knife	19.82	19⅝
Gt. West Life	40.00	740
Gulf Canada	14	13¼
Hawker Sid. Can	27¾	27⅜
Hudson's Bay	24½	24¼
Husky Oil	9	8⅞
Imasco	34⅞	34¼
Imperial Oil A	46½	45⅞
Inco	17⅜	17½
Indal	12⅛	12¾
Interprov. Pipe	39⅛	39¼
Labatt (John)	21¼	21½
Lac Minerals	24⅛	24⅝
Laurentian Grp	10½	10⅝
Loblaw	12⅝	12¾
Macmil Bloedel	41	40¼
Magna Int	27	27
McIntyre Mines	38½	38.25
Mitel Corpn	6⅜	6⅜
Molson A	24	24⅛
Moore. Corp	30½	30⅝
Nat. Bank Can	28¼	27⅞
Noranda Inc	20½	20¼
Norcen Energy	13⅞	13⅝
Nth. Telecom	45	44⅝
Nova Alberta	5⅞	5⅞
Numac Oil & G	9¼	8⅞
Oakwood Pet	2.45	2.55
Pancan Pet	24⅜	27
Placer Dev	31	31⅞
Power Corp	16⅛	16
Quebec Sturgeon	4.90	4.85
Ranger Oil	5½	5½
Reed Stenh'se A.	—	—
Rio Algom	—	—
Royal Bank Can.	33¼	33⅝
Royal Trust A	30¼	30
Sceptre Res	2.60	2.70
Seagram	87	86⅝
Sears Can. A	10¾	10⅞
Shell Can. A.	23¾	23
SHL System'hse.	28¼	28⅝
Shelco A	21⅛	21
Teck B	23¾	24½
Texaco (Canada)	29¼	28½
Thomson News A	28¼	28⅛
Toronto Dom. Bk	22⅝	22⅝
Transalta A	27⅛	27⅛
Trans. Can. Pipe	16½	15⅞
Varity Corp	2.78	2.70
Walker Hiram	—	—
W'coast Trans	12⅜	12⅜
Weston (Geo)	30½	30

** Saturday October 25: Japan Nikkei 16,163.8. TSE 1,343.84.

Base values of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. U Unavailable.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar continues to rise

THE DOLLAR remained underpinned by Thursday's better than expected US trade figures in currency markets yesterday and news of an agreement between US and Japanese officials also added to the dollar's attraction. A cut in the Japanese discount rate to 3 per cent from 3½ per cent had been expected but a statement by Japanese Finance Minister Kiichi Miyazawa that an agreement had been reached with US Treasury Secretary James Baker to the effect that the yen would not be allowed to appreciate any more was unexpected and boosted the dollar further.

Sentiment was also buoyed by a 0.4 per cent rise in US leading economic indicators which was at the upper end of expectations. The dollar rose to a high of DM 2.0760 against the D-Mark before closing at DM 2.0580 up from DM 2.0525 on Thursday. Against the yen it finished at Y163.40 from Y161.80 and SFr 1.7105 compared with SFr 1.7020. It was also firmer in terms of the French franc at FFr 6.7175 from FFr 6.7025. On Bank of England figures, the dollar's exchange rate index rose from 111.0 to 112.6.

Reaction from West Germany was muted and although Mr Karl Otto Poehl, President of the Bundesbank stated that he saw little change of inflation becoming a problem in West Germany, there appeared to be little prospect of an early cut in interest rates.

Sterling reacted positively to the dollar's continued advance and also took heart from calls for an $18 a barrel oil price. Its exchange rate index climbed to 68.4 at the close up from 68.1 at the opening and 67.7 on Thursday night.

Sterling rose to $1.4055 from $1.3960 and DM2.8950 compared with DM2.8650. Against the yen it was higher at Y229.50 from Y225.75 and SFr2.4050 from SFr2.3750. Against the French franc it finished at FFr9.4425 from FFr9.3550.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 152.25. September average 154.67. Exchange rate index 206.3 against 202.1 six months ago. Good two-way business limited the extent of the dollar's appreciation in Tokyo yesterday. Better than expected trade figures continued to underpin the US unit but there was a good deal of profit taking at the higher levels. The dollar closed at Y161.45 against Y161.20 in New York and Y159.90 in Tokyo on Thursday. A cut in the Japanese discount rate to 3 per cent from 3½ per cent, effective today, had been expected and attention tended to switch towards the US authorities and whether they may feel that the need to cut interest in line is not so strong as before the trade figures were known.

Wednesday's weekly auction in Lagos saw the naira appreciate by 8.4 per cent to an effective trading rate of 3.8719 naira to the US dollar. The marginal rate of 4.2026 based on the $75m auctioned was altered to 3.8525 after the central bank increased the amount on offer to $86m. Successful applicants were debited at the marginal rate while the highest bid was 4.60 compared with 4.7999 the previous week and the lowest 3.5001 against 3.75.

£ IN NEW YORK

Oct 31	Latest	Previous Close
£ Spot	1.4000-1.4010	1.4045-1.4055
1 month	0.56-0.53 pm	0.50-0.58 pm
3 months	1.70-1.74 pm	1.80-1.83 pm
12 months	6.35-6.25 pm	6.55-6.45 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Oct. 31	Previous
8.30 am	68.1	67.4
9.00 am	68.1	67.4
10.00 am	68.1	67.5
11.00 am	68.1	67.4
Noon	68.1	67.4
1.00 pm	68.2	67.4
2.00 pm	68.2	67.6
3.00 pm	68.3	67.6
4.00 pm	68.4	67.7

CURRENCY RATES

Oct. 31	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	—	0.720932
U.S. Dollar	5.5	1.18661	1.01029
Canadian $	8.58	—	1.40565
Austrian Sch.	4	17.2794	14.7062
Belgian Franc	8	50.9916	43.3557
Danish Krone	7	[illegible]	7.85620
Deutsche Mark	3½	2.45343	2.08796
Neth. Guilder	4½	2.77192	2.35875
French Franc	9½	N/A	6.81506
Italian Lira	12	N/A	1444.35
Japanese Yen	3	193.698	165.532
Norway Krone	8	8.99517	7.62084
Spanish Peseta	—	164.464	140.242
Swedish Krona	7½	8.35017	7.11817
Swiss Franc	4	2.03622	1.73382
Greek Drach	20½	166.102	141.424
Irish Punt	—	N/A	0.765734

* CS/SDR rate for Oct. 30; 1.66994

CURRENCY MOVEMENTS

October 31	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.4	-25.1
U.S. Dollar	112.6	+4.3
Canadian Dollar	77.6	-12.7
Austrian Schilling	131.9	+8.9
Belgian Franc	96.7	-6.0
Danish Kroner	89.0	+1.8
Deutsche Mark	141.3	+19.8
Swiss Franc	164.1	+21.0
Guilder	131.4	+13.3
French Franc	71.2	-12.6
Lira	46.2	-15.8
Yen	206.3	+53.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Oct. 31	£	$
Argentina	1.9720-1.5785	1.1160-1.1200
Australia	2.1900-2.1940	1.5585-1.5600
Brazil	19.75-19.87	14.02-14.09
Finland	7.0470-7.0660	5.0200-5.0220
Greece	194.36-197.72	131.02-138.60
Hong Kong	10.9385-10.9490	7.7970-7.7990
Iran	108.50*	77.80*
Kuwait	0.4120-0.4130	0.2925-0.2930
Luxembourg	59.45-59.55	42.80-42.96
Malaysia	3.6770-3.6825	2.6220-2.6250
N. Zealand	2.7570-2.7670	1.9665-1.9725
Saudi Ar.	5.2775-5.2820	3.7495-3.7500
Singapore	3.0710-3.0760	2.1970-2.2000
S. Af. (Cm)	3.2080-3.2235	2.2830-2.2910
S. Af. (Fn)	6.5345-6.8535	4.6510-4.8780
U.A.E.	5.1690-5.1740	3.6725-3.6735

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Oct. 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.3950-1.4090	1.4050-1.4060	0.59-0.56c pm	4.90	1.80-1.75 pm	5.05
Canada	1.9425-1.9557	1.9545-1.9555	0.46-0.40c pm	2.64	1.30-1.22 pm	2.59
Netherlands	3.26½-3.28¾	3.26½-3.27½	1½-1⅜c pm	5.28	4⅝-4⅜ pm	5.58
Belgium	60.05-60.39	60.20-60.30	20-15c pm	3.49	61-52 pm	2.85
Denmark	10.85¾-10.94¾	10.90½-10.91½	2¼-1¾ore pm	1.79	5¼-4¾ pm	1.90
Ireland	1.0605-1.0685	1.0640-1.0650	0.15-0.35p dis	-2.82	0.45-1.00 dis	-2.72
W. Germany	2.89-2.90¼	2.89-2.90	1⅝-1½pf pm	6.21	4⅝-4½ pm	6.39
Portugal	210.60-212.60	211.50-212.40	51-112c dis	-4.61	100-328 dis	-4.79
Spain	193.50-195.10	194.60-194.90	17-56c dis	-2.25	34-108 dis	-1.46
Italy	1993¾-2008½	1998-1999	3-par lire dis	-0.90	4-1 pm	0.50
Norway	10.54¾-10.59¾	10.56½-10.57½	2¼-3½ore dis	-3.55	8¾-9¾ dis	-3.45
France	9.44-9.48½	9.43½-9.44½	2¾-2½c pm	3.42	8½-7¾ pm	3.26
Sweden	9.85½-9.89	9.88-9.89	2¼-1¼ore pm	2.43	7-6¾ pm	2.66
Japan	227¼-230½	229-230	1½-1¼y pm	6.54	3⅞-3½ pm	6.54
Austria	20.33-20.51	20.41-20.44	9⅝-8½gro pm	4.95	27½-23½ pm	4.22
Switzerland	2.39¾-2.41½	2.40¾-2.41	1⅝-1½c pm	7.47	4¾-4⅜ pm	7.05

Belgian rate is for convertible francs. Financial franc 60.60-60.70.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Oct. 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3950-1.4090	1.4050-1.4060	0.59-0.56c pm	4.90	1.80-1.75pm	5.05
Ireland†	1.3125-1.3255	1.3215-1.3225	0.95-0.80c pm	7.96	2.85-2.55 pm	8.19
Canada	1.3860-1.3912	1.3895-1.3905	0.25-0.28c dis	-2.29	0.85-0.90 dis	-2.52
Netherlands	2.3100-2.3495	2.3265-2.3275	0.08-0.06c pm	0.35	0.27-0.24 pm	0.44
Belgium	42.60-43.06	42.80-42.90	4-6 c dis	-1.39	13-17dis	-1.40
Denmark	7.71¾-7.80¾	7.76-7.76½	1.75-2.25ore dis	-3.09	6.15-6.55dis	-3.27
W. Germany	2.05-2.07½	2.05¾-2.06	0.22-0.19pf pm	1.19	0.67-0.62pm	1.25
Portugal	150-151¼	151¼-151¼	100-140c dis	-9.55	325-425 dis	-9.95
Spain	137½-138½	138-138½	45-70c dis	-4.70	210-245dis	-6.57
Italy	1417-1432	1421¼-1422¼	4½-5½lire dis	-4.20	16-17½dis	-4.69
Norway	7.48½-7.56¼	7.51¼-7.52¼	5.20-5.50ore dis	-8.51	16.25-16.55dis	-8.70
France	6.7000-6.7775	6.7170-6.7180	0.90-1.00c dis	-1.61	3.10-3.40dis	-1.93
Sweden	7.00-7.06	7.03-7.03½	1.40-1.55ore dis	-2.51	4.30-4.60dis	-2.53
Japan	161.10-164.20	163.35-163.45	0.25-0.20y pm	1.72	0.59-0.52 pm	1.35
Austria	14.41¼-14.58¾	14.53½-14.54	½-¾ gro dis	-0.51	1par-1½dis	-0.27
Switzerland	1.6980-1.7235	1.7100-1.7110	0.41-0.36c pm	2.69	0.88-0.83 pm	1.99

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 43.10-43.20.

EURO-CURRENCY INTEREST RATES

Oct. 31	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	10¼-10½	10¼-10⅝	10⅞-11	11⅛-11¼	11⅛-11¼	11⅛-11¼
U.S. Dollar	5⅝-5¾	5⅝-5¾	5⅞-6	5⅞-6	5⅞-6	5⅞-6
Can. Dollar	8¼-8½	8¼-8½	8¼-8⅜	8¼-8⅜	8¼-8⅜	8¼-8⅜
D. Guilder	5-5¼	5⅛-5¼	5⅜-5½	5⅜-5½	5⅜-5½	5⅜-5½
Sw. Franc	2¾-3	2⅞-3	3⅛-3¼	3⅞-4	3⅞-4	3⅞-4
Deutschemark	4¼-4⅜	4½-4⅝	4⅜-4⅝	4½-4⅝	4⅝-4¾	4¾-4⅞
Fr. Franc	7⅛-7⅜	7¼-7⅜	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅜-7½
Italian Lira	9-10	9⅝-10	10-10⅝	10⅞-11⅛	10⅞-11⅛	10⅞-11⅛
B. Fr. (Fin.)	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜
B. Fr. (Con.)	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜	7¼-7⅜
Yen	4¾-5⅛	4¾-5	4¾-4⅞	4⅝-4¾	4½-4⅝	4⅜-4½
D. Krone	8-9	8¼-8¾	9⅞-10¼	10-10½	10-10½	10-10½
Asian $ (Sing.)	5⅞-6	5⅞-6	5⅞-6	5⅞-6	5⅞-6	5⅞-6

Long-term Eurodollars: Two years 6¼-6⅜ per cent; three years 7-7¼ per cent; four years 7½-7⅝ per cent; five years 7⅞-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct 31	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.486	2.895	229.5	9.443	2.405	3.270	1999	1.955	60.25
$	0.711	1	2.060	163.3	6.719	1.711	2.327	1422	1.391	42.87
DM	0.345	0.485	1	79.27	3.262	0.831	1.130	690.3	0.675	20.81
YEN	4.357	6.124	12.61	1000	41.14	10.48	14.25	8708	8.519	262.5
F Fr.	1.059	1.488	3.066	243.1	10	2.547	3.463	2116	2.070	63.81
S Fr.	0.416	0.584	1.204	95.43	3.926	1	1.360	831.0	0.813	25.05
H Fl.	0.306	0.430	0.885	70.18	2.888	0.735	1	611.2	0.598	18.43
Lira	0.500	0.703	1.449	114.8	4.725	1.203	1.636	1000	0.978	30.15
C $	0.512	0.719	1.481	117.4	4.830	1.230	1.673	1022	1	30.82
B Fr.	1.660	2.333	4.805	380.9	15.67	3.992	5.427	3317	3.245	100

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

UK rates down on firmer pound

INTEREST RATES were mostly lower in London yesterday in reaction to sterling's firmer trend. However, the market was in no way optimistic, withe dealers pointing out that although the pound had reacted well to the uncertainty caused by Sheikh Yamani's resignation, it was principally the dollar's sharp recovery which boosted sterling and not any change in fundamentals. Three-month interbank money was quoted at 11⅛-11⅛ per cent compared with 11$\frac{5}{16}$-11$\frac{3}{16}$ per cent on Thursday.

Conditions in the weekend interbank market were complicated because of banks' make up day, with funds trading around 10 per cent for much of the morning before easing to a low of 9 per cent. Conditions tightened up in the afternoon, however, and funds were bid up to 12½ per cent.

The Bank of England forecast a shortage of around £200m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £353m and a rise in the note circulation of £275m. These were partly offset by Exchequer transactions which added £405m and banks' balances brough forward £35m above target. The Bank gave assistance in the morning of £205m through outright purchases of £99m of eligible bank bills in band 2 at 10$\frac{13}{16}$ per cent, £43m in band 3 at 10¾ per cent and £63m in band 4 at 10$\frac{11}{16}$ per cent. There was no assistance in the afternoon although the Bank gave late help of £60m, making a total of £265m.

At yesterday's weekly Treasury bill tender the average rate of discount fell to 10.5631 per cent from 10.6349 per cent the previous week. The £100m of bills on offer attracted bids of £298.4m and all bills offered were allotted. The minimum accepted bid was £97.36, met as to about 71 per cent and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

UK clearing bank base lending rate 11 per cent since October 15

In Frankfurt there was little reaction to the expected cut in the Japanese discount rate. The latter's reduction was seen as a product of domestic considerations and market speculation about a cut in the West German discount rate was dismissed out of hand by the Bundesbank. At the same time it squashed rumours of a special meeting of the Bundesbank central council before next Thursday's regular gathering. In the money market call money was quoted as high as 5.40 per cent as commercial banks struggled to meet end of month minimum reserve requirements.

The Bundesbank abstained from providing temporary liquidity through currency swaps, having already boosted liquidity in this way three times this week. Wednesday's draining of DM10bn through pension payments has left the market shorter than expected in the run up to the month end.

MONEY RATES

Oct. 31	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.00-5.50	4.50-4.65	4.50-4.65	4.55-4.70	4.60-4.75	5.5
Paris	7⅛	7¼-7⅜	7¼-7⅜	7⅜-7½	7⅛-7¼	7
Zurich	⅞-1⅛	3⅛-3¼	—	3⅝-3⅞	—	—
Amsterdam	5⅜-5⅝	5⅜-5⅝	—	5⅜-5½	—	—
Tokyo	—	—	—	—	—	—
Milan	10¼-11¼	10⅝-11⅛	—	11-11½	—	—
Brussels	8.00	7⅜-7⅝	—	7⅞-7⅞	—	—
Dublin	12⅝-12⅞	13⅝-13⅞	13⅝-13⅞	13⅝-13⅞	13⅜-13⅞	—

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 31) 3 months U.S. dollars		6 months U.S. dollars	
bid 5 $\frac{13}{16}$	Offer 5 $\frac{15}{16}$	bid 5 [illegible]	Offer 5 [illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Oct. 31	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	12½-9	10⅞-10⅝	10$\frac{15}{16}$-10$\frac{13}{16}$	11⅛-11	11⅛-11	11$\frac{3}{16}$-11$\frac{1}{16}$
Sterling CDs	—	—	10$\frac{13}{16}$-10$\frac{11}{16}$	11-10$\frac{15}{16}$	11-10$\frac{15}{16}$	11-10$\frac{15}{16}$
Local Authority Deposits	10⅞-10⅝	10⅞-10⅝	11-10⅞	11⅛	11⅛	11⅛
Local Authority Bonds	—	—	11¼	11¼	11¼	11¼
Discount Market Deposits	10⅞-8	10⅞-10¼	10¾	10⅝	—	—
Company Deposits	10⅞	10¾	11¼	11¼	11¼	—
Finance House Deposits	—	—	11	11	11	—
Treasury Bills (Buy)	—	—	10$\frac{11}{16}$	10⅝	—	—
Bank Bills (Buy)	—	—	10$\frac{13}{16}$-10$\frac{11}{16}$	10$\frac{11}{16}$-10⅝	10⅝	—
Fine Trade Bills (Buy)	—	—	11$\frac{3}{16}$	11$\frac{1}{16}$	11	—
Dollar CDs	—	—	5.9-5.85	5.80-5.75	5.75-5.70	5.90-5.85
SDR Linked Deposits	—	—	6⅛-5⅞	6⅛-6	6⅛-6	6¼-6⅛
ECU Linked Deposits	—	—	7$\frac{7}{16}$-7$\frac{5}{16}$	7⅜-7¼	7⅞-7¾	7⅝-7½

Treasury Bills (sell); one-month 10$\frac{13}{16}$ per cent; three-months 10$\frac{11}{16}$ per cent; Bank Bills (sell); one-month 10$\frac{11}{16}$-10$\frac{13}{16}$ per cent; three months 10⅝-10$\frac{11}{16}$ per cent; Treasury Bills; Average tender rate of discount 10.5631 p.c. ECGD Fixed Finance Scheme IV reference date October 8 to 31 (inclusive): 11.237 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from November 1, 1986: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10¾ per cent; one-three months 11¼ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11¼ per cent; Under £100,000 10¼ per cent from October 16. Deposits held under Series 5 10½ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON STOCK EXCHANGE

Oil price hopes boost Gilts and equities

Account Dealing Dates

Option *First Declarations	Last Dealings	Account Dealings	Day
Oct 11	Oct 23	Oct 24	Nov 3
Oct 27	Nov 6	Nov 7	Nov 17
Nov 10	Nov 20	Nov 21	Dec 1

*New time dealings may take place from 9.00 am two business days earlier.

Government bonds and ordinary shares surged ahead in London yesterday, when the expected cut in Japanese discount rate was accompanied by the call for an OPEC pricing meeting by the new Saudi oil minister. The US-Japan agreement on exchange rate policy and wider economic co-operation stimulated the generally bullish tone.

The likelihood of renewed efforts by the OPEC producers to move crude prices higher brought strong demand for oil stocks, while the sharp rise in the pound against the German mark sent UK gilt-edged stocks ahead by a full point or so.

The FT-SE 100 index gained 16.2 to 1632.4 and the FT Ordinary share index 6.3 to 1285.40. At 82.93, the FT Government securities index put on 0.54.

The Bank of England took the opportunity of a strong market for Government securities to announce £400m in new taplet stocksx—£250m of 10 per cent convertible 1996, £50m of 9½ per cent convertible 2004 and £50m of 2½ per cent index linked Treasury 2009. The move found a favourable reception—"they are small and all wanted," commented one marketmaker.

The stock market was in good form from the outset despite renewed problems with SEAQ, which failed to carry share quotations from one major market maker. Also hanging over the market was the knowledge of difficulties over bargain settlements, which have caused some firms to bring staff in to work today (Saturday).

Japanese buyers were reported in several major blue chip issues. British Petroleum again rose sharply, although turnover was lower than in the previous session. Imperial Chemical Industries continued to respond to excellent quarterly trading figures.

The most active stock was Hanson Trust (£24m), which will be quoted next week in US markets in the form of American Depositary Receipts (ADRs), and which is believed to be on the point of making a new major acquisition there.

Turnover of 16m shares of Trustee Savings Bank (TSB) again disclosed the presence of the institutions, which helped the stock up ½ to 82½. Japanese houses were keen buyers of TSB.

FINANCIAL TIMES STOCK INDICES

	Oct. 31	Oct. 30	Oct. 29	Oct. 28	Oct. 27	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	82.93	82.39	82.34	82.94	82.57	82.83	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.87	88.83	88.87	88.86	88.76	89.67	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,285.4	1,279.1	1,267.2	1,255.8	1,257.8	1,070.6	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	277.2	280.6	285.9	277.7	269.6	237.9	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.38	4.37	4.42	4.46	4.45	4.48				
Earnings Yld.%(full)	10.12	10.05	10.19	10.29	10.27	10.97				
P/E Ratio (net) (*)	12.11	12.20	12.03	11.92	11.93	11.27				
SEAQ Bargains (5.15pm)	28,131	26,509	23,522	26,519	—	—				
Equity Turnover	—	921.30	1,043.95	623.60	585.81	529.57				
Equity Bargains	—	40,978	43,618	23,512	26,546	24,321				
Shares Traded (ml)	—	354.1	332.2	274.8	271.1	299.4				

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1286.4	1282.6	1282.0	1282.3	1282.0	1284.5	1284.4	1285.4

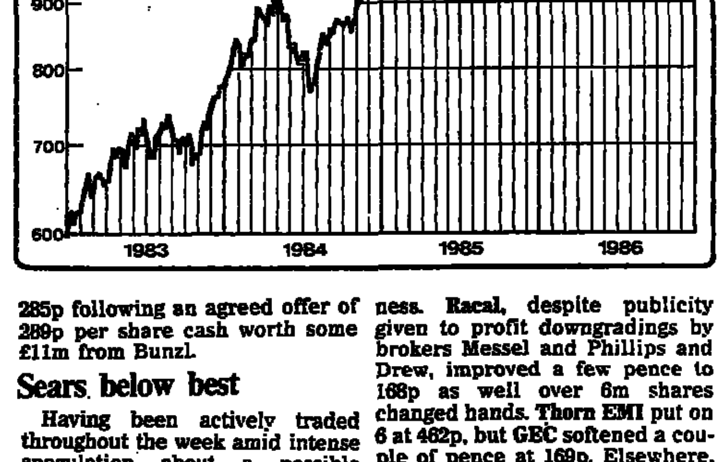
Day's High 1287.4. Day's Low 1279.0.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.61.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

S.E. ACTIVITY

Indices	Oct. 30	Oct. 29
Gilt Edged Bargains	113.1	112.2
Equity Bargains	265.5	282.6
Equity Value	1862.2	2110.1
5-Day Average		
Gilt Edged Bargains	99.5	99.6
Equity Bargains	216.5	208.4
Equity Value	1580.8	1473.1



Clearers up again

As institutional investors yesterday came for TSB, other major clearers advanced in sympathy. NatWest led the way with a gain of 16 at 429p, while Lloyds improved 8 afresh at 422p and Midland 6 more at 549p.

Breweries contnued to make progress although dealers reported that business was significantly reduced from levels attained earlier in the week. Nevertheless, Guinness improved 4 more to 337p as 1.4m shares changed hands; the shares have risen from 308p during the week following publicity given to an encouraging circular from brokers L. Messel. Scottish and Newcastle touched 226p before settling a net 4 to the good at 220p on widespread reports that Mr Ron Brierley has added to his present non-disclosable holding. Regionals again presented some noteworthy features although these were often attributable to certain market makers being severely short of stock. Matthew Brown jumped 26 to 595p as speculation mounted that Scottish and Newcastle will resume its offensive after December 11—the Takeover Panel deadline. Burtonwood were again in demand and put on 13 more to 753p, after 770p, awaiting the property revaluation; the interim figures are scheduled for next Thursday.

The Building leaders made a quietly firm showing. Redland touched 400p prior to closing 4 dearer at 397p following comment on the interim results, while BPB Industries, still reflecting a broker's "buy" circular, rose 12 more to 472p. John Mowlem attracted support following a broker's lunch and touched 371p before shading to 369p, a net gain of 6. Bryant Holdings continued to reflect vague takeover rumours and firmed 4 more to 112p. There was no stopping property development and steel reinforcement group Helical Bar which attracted fresh demand in a market short of stock in anticipation of the eagerly awaited interim results due next Thursday; the price rose a further 33 to a best-ever level of 385p, a rise of 62 over the five-day period.

In the Chemical sector, recently-firm Laporte succumbed to profit-taking and shed 7 to 399p, but Yorkshire continued firmly on takeover hopes and gained 8 more to 150p. Dialene moved up 25 to 285p following an agreed offer of 289p per share cash worth some £11m from Bunzl.

Sears below best

Having been actively traded throughout the week amid intense speculation about a possible Gerald Ronson-led consortium bid or a Robert Holmes à Court stakebuilding manoeuvre, Sears were again the centre of attention in a firm Stores sector yesterday; around 17m shares changed hands as the price touched 139p at one stage before closing 3½p up on the session at 137¾p. Other leading retailers moved higher with the general trend. Storehouse gained 9 at 329p as investors showed an increased interest ahead of the interim results scheduled for November 13, while Gussies "A" added 15 at 988p and Burton improved 5 at 281p. Among Shoe concerns, Stylo reflected revived takeover hopes with a rise of 11 at 241p.

Leading Electricals displayed no set trend after a moderate business. Racal, despite publicity given to profit downgradings by brokers Messel and Phillips and Drew, improved a few pence to 168p as well over 6m shares changed hands. Thorn EMI put on 6 at 462p, but GEC softened a couple of pence at 169p. Elsewhere, Pressac moved up 4 to 137p following an investment recommendation and Dale added the same amount to 63p in the wake of a sizeable shareholding in the company changing hands. Systems Designers, a depressed market of late on the profits warning, rallied 6 to 55p.

Interest in Engineering sector centred largely on the secondary issues. A. Cohen responded to the good interim results with a gain of 30 at 510p, while news of Scottish Provident's 5.3 per cent stake left T. Robinson 13 dearer at 303p. Speculative demand prompted a gain of 5½ to 88p in Habit Precision, while late demand lifted Hobson 5½ to 35½p. W. A. Tyzack rose 4 to 68p following the announcement that Agata AG acting in concert with Gild Investments had increased their holding in the company to 27.39 per cent.

The spotlight in the Food sector fell on S. and W. Berisford which gained 13 to 282p as Ferruzzi of Italy's fund raising move sparked hopes that the Monopolies Commission will give both Ferruzzi and Tate and Lyle the opportunity to launch bids for the company with Berisford's British Sugar subsidiary as the main prize. Tate and Lyle benefited from a broker's lunch and closed 6 dearer at 577p. Elsewhere, Northern touched 280p prior to closing a couple of pence better at 277p following the disposal of its 80 per cent interest in two subsidiary companies within Keystone Foods to Fea Enterprises for some £50.6m. Avana revived strongly and rose 15 to 536p.

Hanson Trust active

Hanson Trust, up 6 at 202½p, were actively traded — 23m shares changed hands yesterday — ahead of the imminent US listing, with interest further enlivened by reports that Sir James Goldsmith and the US arm of Hanson are poised to bid for Goodyear Tyre and Rubber. Among the other miscellaneous industrial leaders, Trafalgar House were supported at 291½, up 13½, but Glaxo, a good market earlier in the week following a recommendation by Nomura, met with occasional profit-taking and reacted 9 to 945p. Pilkington, also a rising market over the past few day's on persistent bid speculation, came back 7 to 517p. British Aerospace were supported and put on 21 to 477p, while favourable Press mention left Platon International 13 higher at 171p. Scapa Group, reflecting US influences, put on 12 to 247p. Bestwood, which announced on Thursday that it had increased its stake in Buckley's Brewery to 19.1 per cent, rose 25 to 490, but Manchester Ship Canal fell 28 to 670p on the latest developments in the Highams bid situation. Speculative interest continued in British Syphon which put on 8 further to 90p. BBA, unsettled further this week by rationalisation proposals, rallied 6 to 124p. Press mention and acquisition news prompted a rise of 5 to 92p in CH Industrials, while Henara advanced 11 to 68p on news of the agreed bid of 70p cash from Warner Lambert.

Awaiting Turner and Newall's decision on whether to renew its bid, AE hardened to 236p. The latter said yesterday that there was no commercial logic to a combination of the two groups. Lucas Industries continued to perform nervously ahead of the preliminary statement, due on November 10, while Appleyard fell 29 to 156p following the announcement that the discussions aimed at obtaining a recommendation to an offer for Appleyard by T. Cowie had been terminated.

Newspapers continued this week's good run with the emphasis switching to Home Counties, 8 dearer at 241p, and Portsmouth and Sunderland, 9 higher at 160p; the latter reported only marginally improved interim profits on Thursday. Thorpac, a strong performer throughout October, rushed p 37 more to 190p following board changes and the invitation to Mr Michael Moseley to join the board as chairman. Mr Moseley is chairman and the largest single shareholder of Jeyes Group, subject of a management buy-out from Cadbury Schweppes earlier this year.

The level of business in Properties left something to be desired and leading shares drifted easier on lack of support. Land Securities came off 3 to 330p and MEPC softened a couple of pence to 348p. Recently-firm British Land shaded to 175½p and Hammerson A slipped 8 to 425p. Southend Stadium were in demand on property development hopes and rose 14 to 229p.

Two contrasting features emerged in Textiles. Both stemmed from broking house predictions, with Courtaulds rising 4 more to 304½p following Hoare Govett's upgrading earlier in the week. Dawson International eased 2 to 219p, after 217p, being unsettled by Phillips and Drew's downgrading of its profits forecast this year from £48.5m to £46m; the 1987-88 figure has also been lowered from £56m t £53m.

Kleinwort Benson's intention to reduce its shareholding in M & G Group from 42 per cent to only 5 per cent — it will offer the sales for sales — aroused support for the latter which ended 17 higher at 307p. Elsewhere in Financial Trusts, G T Management rose 7 to 213p ahead of Tuesday's interim results. Half-yearly figures put TR Industrial and General Trust up 4 to 220p.

Oils strong

Saudi Arabia's re-stated objective of achieving an oil price of $18 a barrel in the wake of the replacement of Sheikh Yamani as the country's oil minister sparked off a wave of buying in the Oil sector. Higher crude prices and news that Opec is set to reconvene within the next few days drew sustained UK institutional and US support for the oil majors which reflected the sharp change in sentiment over the last couple of day's with further good gains. British Petroleum were actively traded for the second session running and closed 30 higher at 689p. Shell advanced 32 to 931p, whole gains of 10 were seen in Lasmo 135p, and Britoil, 164p. Ultramar firmed 4 to 156p as Rainbow increased its stake to 6.8 per cent of the equity; it is thought that Mr Ron Brierley's IEP Securities, which speaks for around 13 per cent of Ultramar's equity, is not prepared to pay this sort of level to increase its holding.

Continental buying in front of the preliminary statement, expected on November 12, gave Polly Peck a fillip and the close was 13 up at 193p. A disappointing first-half performance took R.E.A. down to 216p before late demand restored the price to 221p, for a net improvement of a penny.

A lacklustre week in South African mining markets finished on a predictably dull note with quotations marked lower across the board, albeit in extremely thin trading, reflecting lower values for both bullion and the Financial Rand. The former dipped briefly below the psychologically-important $400 barrier before settling at $400.625 an ounce—a decline of $5.875 on the session and $10.375 on the week. Despite intervention by the South African Reserve Bank, the Financial Rand eased 20c.

The share market, supported throughout the week by persistent interest from Johannesburg, gave modest ground as investors there returned to the sidelines. London, New York and Continental operators displayed scant inclination to deviate from the Cape trend and consequently the FT Gold Mines index fell 3.4 more to 277.2.

The overnight strength of the oil price prompted a sympathetic response in Australian mining issues. Thursday's bout of profit-taking was quickly forgotten as both domestic and overseas institutions displayed revived enthusiasm throughout the list. Gains of around 5 were common to Western Mining, 218p, Bougainville, 144p, and CRA, 353p. Golds highlighted fresh support for Poseidon, 17 dearer at 214p, while Sons of Gwalia rallied 7 to 343p. Southern Resources, still benefiting from its increased interest in the Mount Pleasant gold venture in Western Australia, advanced 6 more to 80p with sentiment additionally bolstered by bullish comment from brokers James Capel.

Traded Options

The continued strength of London equities stimulated a lively and well-distributed business in Traded Options. Total contracts transacted amounted to 37,598—the highest total since the introduction of TSB options on October 10. Hanson Trust were to the fore with 8,601 calls struck, the December 180's and 200's attracting 1,865 and 2,467 trades respectively. Hanson also recorded 2,230 puts. TSB and Bats were active with 2,036 and 1,688 calls done respectively. The FT-SE 100 contributed 2,533 calls and 873 puts.

Traditional Options

- **First dealings** Nov 3 Nov 17 Dec 1
- **Last dealings** Nov 14 Nov 28 Dec 12
- **Last declaration** Feb 5 Feb 19 Mar 5
- **For Settlement** Feb 16 Mar 2 Mar 16

For rate indications see end of Unit Trust Service

Call options were taken out in Audiotronic, Hyman, Aran Energy, Hobson, Tozer Kemsley and Millbourn, Mitchell Cotts, Westwood Dawes, British Car Auction, Equity and General, Amstrad, Sound Diffusion, Five Oaks Investments, Bio-Isolates, Barker and Dobson, Bristol Oil and Minerals, Asia Oil, Benlox, Thomas Locker, St Modwen, Bestwood, Ultramar, Britoil, Acorn Computers, Peek, Alexon, SI and John Williams. Puts were done in Smith New Court and Barclays, while double options were transacted in Boots, Sears, Hughes Food and Dunton.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Allied Lyons (*313)	280	43	53	60	3	5	10
	300	27	37	43	9	13	18
	330	10	18	28	25	27	30
	360	2½	9	—	50	52	—
B.P. (*689)	550	155	170	—	3	6	—
	600	108	125	—	6	15	—
	650	67	87	105	15	32	40
	700	32	47	70	33	52	65
Cons. Gold (*626)	550	105	127	—	4	12	—
	600	70	90	102	14	25	32
	650	45	60	75	25	45	52
	700	25	40	52	82	94	105
Courtaulds (*304)	260	50	61	—	1	3	—
	280	31	45	53	3	8	12
	300	19	30	36	11	16	20
	330	8	—	—	26	—	—
Com. Union (*287)	260	36	45	—	3	6	—
	280	25	32	40	8	13	18
	300	14	22	29	22	27	30
	330	6	12	—	44	47	—
	360	3	—	—	74	—	—
Cable & Wire (*327)	280	58	70	—	2	4	—
	300	42	58	67	5	10	13
	330	25	37	—	18	23	—
	330	25	37	48	12	20	24
	350	18	24	—	27	34	—
	375	4	—	—	52	—	—
G.E.C. (*170)	160	20	26	30	2	5	8
	180	8½	14	17	11	13	15
	200	2½	5	9	31	32	34
	220	1	—	—	50	—	—
Grand Met. (*442)	360	95	98	—	1	2	—
	390	65	72	—	2	5	—
	420	42	52	62	8	11	16
	460	18	27	37	27	30	33
I.C.I. (*1101)	900	227	—	—	1	—	—
	950	182	190	—	3	5	—
	1000	135	145	—	8	18	—
	1050	90	110	138	15	28	42
	1100	57	80	108	34	54	60
	1150	33	57	80	64	80	95
Land Securities (*329)	300	36	47	56	3	7	8
	330	16	28	37	12	15	18
	360	7	12	19	31	32	—
Marks & Spen. (*197)	180	25	30	40	2	5	7
	200	12	17	25	11	13	16
	220	4	10	15	25	26	—
Shell Trans. (*930)	750	205	225	—	2	6	—
	800	155	175	—	3	14	—
	850	113	130	152	8	25	35
	900	72	92	120	25	43	55
	950	40	60	80	70	83	85
Trafalgar House (*292)	240	56	64	—	2	4	—
	260	37	45	54	4	7	10
	280	22	32	38	11	14	17
	300	11	19	28	22	24	27
TSB (*83)	80	9	13	14½	3	5	6
	90	4	7	9	8½	11	12
	100	2	4	5	18	20	21

Option		Calls Nov	Calls Apr	Calls June	Puts Nov	Puts Apr	Puts June
Lonrho (*240)	220	32	36	—	6	12	—
	236	10½	—	—	5	—	—
	240	21	26	32	—	17	24

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Brit Aero (*469)	420	50	70	78	1	4	7
	460	21	47	53	12	18	21
	500	7	27	37	37	43	45
BAT Inds (*465)	390	77	92	102	1	2	4
	420	49	68	80	2	8	13
	460	21	43	52	12	18	23
Barclays (*490)	460	35	57	67	4	10	14
	500	10	30	41	20	27	33
	550	1½	11	20	65	67	70
Brit. Telecom (*189)	180	12	21	26	1½	8	10
	200	2	11	15	13	18	20
	220	0½	3	10	30	32	33
Cadbury Schweppes (*190)	160	32	41	45	1	2	3
	180	13	23	28	1	6	8
	200	4	14	16	10	16	17
Guinness (*337)	300	40	48	55	2	6	12
	330	13	23	33	7	18	23
	360	3	11	20	30	35	40
Imperial Gr. (*393)	300	95	—	—	1½	—	—
	330	65	—	—	1	—	—
	360	35	—	—	1	—	—
Ladbroke (*366)	330	40	53	60	1	5	7
	360	14	30	37	5	15	18
	390	2	12	20	27	32	35
LASMO (*135)	120	18	25	30	1	4	7
	130	10	19	22	1	8	10
	140	5	11	14	8	22	22
Midland Bk (*549)	500	57	75	85	2	9	14
	550	13	40	50	17	28	35
	600	3	12	20	55	60	65
P. & O. (*504)	460	55	68	80	1½	5	8
	500	20	37	55	6	13	23
	550	3	18	28	42	45	50
Racal (*167)	140	29	34	42	2	5	8
	160	11	22	28	5	11	14
	180	2	10	15	19	22	24
	200	1	5	—	36	38	40
R.T.Z. (*680)	600	85	105	120	3	15	25
	650	45	70	87	10	25	45
	700	15	42	54	35	57	67
Vaal Reefs (*72)	60	15	19	20½	1	5	6
	70	6½	11	15	4½	9	10½
	80	2½	6	10	10½	15	16½
	90	1	2½	5	20	22½	24
Tr. 11¾% 1991 (*£102)	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1¼
	102	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2¼
	104	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3⅜
	106	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5¼
Tr. 11¾% 03/07 (*£106)	104	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2⅝
	106	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3⅛
	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4½
	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5¼
	112	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7¼
	114	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8¼
	116	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8⅞

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Beecham (*432)	330	110	—	—	1	—	—
	360	80	—	—	2	—	—
	390	50	60	—	5	8	—
	420	30	40	—	13	17	27
	460	12	26	—	37	42	—
Boots (*228)	200	30	40	47	3	5	8
	220	19	25	31	8	10	14
	240	10½	17	24	18	19	25
BTR (*279)	260	28	32	38	8	13	17
	280	18	22	27	13	22	26
	300	8	15	—	26	27	—
Bass (*735)	650	98	110	130	4	8	13
	700	60	70	100	12	20	33
	750	25	48	60	36	40	55
Blue Circle (*612)	550	73	85	95	8	17	23
	600	42	55	68	25	33	40
	650	18	33	45	55	60	65
De Beers (*$694)	650	80	105	—	20	45	—
	700	50	80	—	40	70	90
	750	30	63	83	80	100	125
	800	15	40	—	120	135	—
Dixons (*351)	330	30	40	50	7	12	12
	360	15	25	33	20	24	24
	390	7	13	21	43	44	46
GKN (*243)	240	16	27	32	12	15	21
	260	8	18	26	27	27	34
	280	3	10	15	39	39	47
	300	1	6	—	57	57	—
Glaxo (*945)	900	78	110	148	20	35	52
	950	42	88	117	50	65	78
	1000	24	62	90	85	95	105
	1050	14	45	—	125	135	—
Hanson (*203)	160	45½	48	51	1	—	—
	180	26	32	35½	2	7½	—
	200	12	17½	23	8	16½	—
	220	4	—	—	—	—	—
Jaguar (*290)	420	107	—	—	—	—	—
	460	70	95	—	7	7	33
	500	42	58	82	17	22	53
	550	20	42	62	32	35	50
	600	4	10	35	85	87	—
Tesco (*401)	360	50	58	68	3	4	13
	390	27	43	60	8	18	25
	420	20	27	40	30	35	50
Thorn EMI (*461)	420	55	64	77	3	8	—
	460	25	42	50	20	28	—
	500	10	18	31	43	43	—

Option		Calls Nov.	Calls Dec.	Calls Jan.	Calls Feb.	Puts Nov.	Puts Dec.	Puts Jan.	Puts Feb.
FT-SE Index (*1631)	1525	102	115	—	—	1	3	5	—
	1550	77	95	107	118	0½	6	13	20
	1575	52	75	89	103	1	9	16	23
	1600	26	57	70	85	2	11	20	27
	1625	10	40	54	67	7	18	28	35
	1650	1½	23	35	51	23	27	35	48
	1675	0½	13	27	42	—	—	—	—
	1700	0½	6	15	31	—	—	—	—

October 31. Total Contracts 37,598. Calls 29,341. Puts 8,257. FT-SE Index Calls 2,533. Puts 837. *Underlying security price.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

Cpn London 3½pcDb 1983-93 £65
Grtr London 6¾pc 1990-92 £82
Barnet 12¼pc 1987 £100⅛ (29.10)
Hull 3½pc (1st Iss) £29 (24/10)
Reading 2½pc 1978 £27 (29.10)
Salford 5½pc 1986-88 £90 (29/10)
Southwark 12½pc 1987 £100¼
Sunderland 11¾pc 2008 £103¼

UK PUBLIC BOARDS

Agri Mort Cpn 4½pcDb 1961-91 £74 (29/10). 6pcDb 1982-87 £95¹¹⁄₁₆. 6⅝pc Db 1985-90 £85 (29/10). 7¼pcDb 1991-1993 £83¼ (27/10). 9¼pcDb 1985-87 £97¾ (28/10). 10¼pcDb 1992-95 £93¾ 4¼

Bailey (C.H.) B (10p) 185 (28/10)
Baker Harris Saunders (10p) 208 (27/10). New (10p) 208 10 2 2
Bardsey Wrnts 12
Barnham (2½p) 138
Barlow Rand (R0.10) 100 (27/10)
Barlows (£1) 325⊕
Barr Wallace Arnold 162 (28/10)
Baileys 10pcPf (£1) 114
Beazer (C. H.) (Hldgs.) 8½pcLn 200 £141 2 2 (28/10)
Beecham 8½pcLn 1984-94 £86 (28/10)
Benlox Hldgs 8pcPf (£1) 200 (28/10)
Birmid Qualcast 7½pcLn 1987-92 £82
Blackett Hutton Hldgs 5½pcPf (£1) 42
Blackwood Hodge 9pcLn 1985-90 £89 (28/10)
Blue Circle Inds 5½pcPf (£1) 48 (28/10). 5¼pcDb 1984-2009 £58. 7pcDb 1988-

...

Gould (Laurence) and Co 115 (28/10)
Great Southern Group (10p) 159 61
Heavitree Brew. 450 (28/10). Do. A 390 (28.10)
Interlink Express New (5p) 203 4 5
Local London Grp. (5p) 210 (27/10)
Lodge Care 7½pcPf. (£1) 107 (28/10)
Miller and Santhouse (5p) 174
New England Props 10pcLn 1990 £80 (28/10)
Newage Transmissions (5p) 71 3 (28/10)
Parkfield Grp. 7pcPf. (£1) 167⊕
Pavion Intnl. 11pcLn. 1994-2002 £70 1 (29/10)
Perkins (John) Meats (10p) 25 (28/10)
Radamec Grp. (5p) 92 3 4 5
Rotonda New (10p) 88⊕
Ryman Grp. (5p) 100
Sigmex Intnl. (10p) 58 60 (28/10)
Swindon Private Hospital (10p) 110
Technology for Business 7pcPf (£1) 80 (28/10)
Whinney Mackay-Lewis New (10p) 161 3
Wooltons Betterware Grp. New (10p) 90

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings *are not recorded in the Official List*

AOG Minerals 15⊕ 17⊕ A$0.422 (27.10)
Acorn Secs 62 3 5
Advanced Micro Devices 99⊕ (24.10)
Air Express Intnl $10 (28.10)
Air Liquide FFr 750⊕ 5⊕
Allied Stores Corp $65⅞⊕ 66⅛⊕ 66¼⊕ £46.22 (27.10)
Allstate Explorations 42 3
American Can $88¼⊕
American Stores $58½⊕ (28/10)
Ames Dept Stores $25½⊕ (29.10)
Amoco Corp $63½⊕ (28.10)
Amsterdam-Rotterdam Bk Fl 88.80 9 90 20
Anchor Hocking Corp $31 95
Anheuser-Busch $26⅛⊕ (28.10)
Asamera 420 (24.10)

...

Citygrove (10p) 99 101 2 3
Cobra Emerald Mines 55 (28/10)
Continental Microwave (Hldgs) 6.0pcPf 2005 (£1) 82 5 (28/10)
Cramphorn (50p) 365 90 (28/10)
Eadie Holdings 50 (28/10)
Electron House 6.5pcPf (£1) 112 (27/10)
Eve Construction 103 (28/10)

Grants Patch Mining 23⊕ A$0.492 (28.10)
Gt Eastern Mines A$0.129
Greenbushes Tin 37⊕ A$0.803 (27.10)
Groupe Bruxelles Lambert BFr 3,482.6⊕ (29.10)
Grumman Corp £17.2⊕ $25⊕ (24/10)
Hang Seng Bk 324⊕
Haoma North West A$0.249 (29.10)

...

Pepsico $29 (29/10)
Pernod-Ricard FFr 1,068.389 (24/10)
Peugeot SA FFr 1,125⊕ (27/10)
Phelps Dodge £14.72⊕
Philip Morris $71½⊕ $71.905 £50 (28/10)
Phillips Pet 662½
Pine Vale Invests 23⊕ (29/10)
Placer Devel £15.70⊕
Plenty River Mining 23⊕
Poseidon 190⊕ 3
Pretoria Portland Cement 110⊕ (28/10)
Regal Hotels Hldgs 12⊕ 16½ (29/10)
Saab-Scania A SKr 715 (24/10)
Schering-Plough Corp £57.06 (29/10)
Sharp Corp Y1,065⊕ 1,068⊕ (27/10)
Shell Canada A C$23¼⊕ (24/10)

...

Zanex 14 (29/10)
Zayre Corp $29½⊕ ¾

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Inds (12½p) 18½ 9 ½ 20
Ann St Brewery (£1) 665
Appleton (10p) 12 3 (28/10)
Barbican (1p) 2¾ 3¼ (29/10)
Batsford (£1) 350
Bolton House (5p) 48 8 (24/10)
Clucas Cleaners (£1) 110
Cold Storage Hldgs (10p) $$3.736 (24/10)
Explaura (5p) 8½ (27/10)
Grampian TV (10p) 44 5 (24/10)
Greenstar Hotels (10p) 31 ½ ¾
Hard Rock Cafe (2p) 107 9 (28/10)
Harvard Secs (2p) 44 6
Island Garages (10p) 53 (29/10)
Jersey Gas 3pcPf 25
Kingsgrange Prods (£1) £16.25
Kunick Leisure (10p) 27 8
Leading Leisure (5p) 54 (27/10)
Le Vallonet 55
Merrett (10p) 391 3 (29/10)
Munro (5p) 600
Oodies (10p) 18 ½ 9½ 21 ½ (29/10)
Pittencrieff Pet (£1) 90 (29/10)
Planning Research Systems (10p) 136 (24/10)
Rangers FC (£1) £12 (28/10)
Southern Newspapers (£1) 218 22
UTC (5p) 20 ¼ (28/10)
Wadworth 10pcPf (£1) 104 6 (24/10)
W H De La Mare (£1) 550 (29/10)
Wistech (1p) 13 4½

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Exploration (Ir£0.25) 13 (29/10)
North West Oil Gas (20p) 13

(By permission of The Stock Exchange Council)

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Oct 31 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thur Oct 30 Index No.	Wed Oct 29 Index No.	Tues Oct 28 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (211)	661.38	+0.5	9.17	3.86	13.86	15.51	658.17	652.59	645.09	558.15	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (27)	799.28	+0.2	9.14	3.67	13.79	17.46	797.36	786.28	776.63	623.45	844.79	4/4	613.85	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (30)	1112.18	+0.5	7.36	4.17	19.14	28.80	1106.48	1105.48	1085.88	950.56	1280.78	2/7	911.08	23/1	1280.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1754.82	−0.2	8.27	4.77	15.68	53.27	1757.73	1744.44	1734.28	1559.50	2092.98	21/4	1538.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1416.90	—	9.99	2.87	13.33	29.35	1417.46	1415.93	1400.74	1293.55	1794.13	30/4	1365.94	29/9	2049.65	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (60)	367.77	+0.7	10.72	4.48	11.89	9.79	365.29	359.40	355.28	326.95	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	333.12	—	9.58	4.23	13.13	7.39	333.14	333.09	328.68	232.72	380.80	2/7	241.87	2/1	380.80	2/7/86	49.65	6/1/75
9	Motors (16)	255.55	+0.2	10.32	4.01	11.27	5.67	255.14	254.31	252.42	196.89	322.48	3/7	206.50	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (21)	1233.64	+1.6	7.25	4.38	16.36	29.58	1214.35	1198.67	1185.36	1018.06	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (185)	934.54	+0.6	8.06	3.32	15.64	16.70	929.22	922.52	912.70	757.28	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	954.61	+0.3	9.19	3.37	13.37	14.91	951.46	934.41	926.85	786.73	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (24)	711.11	+0.4	9.42	3.83	13.82	14.49	708.07	706.96	701.53	546.22	724.32	5/9	549.51	14/1	724.32	5/9/86	59.67	11/12/74
26	Food Retailing (16)	1867.26	—	6.45	2.80	21.58	38.21	1866.42	1874.09	1865.26	1712.51	2015.98	9/9	1629.03	21/1	2015.98	9/9/86	54.25	11/12/74
27	Health and Household Products (10)	1521.58	−0.1	6.38	2.49	18.98	12.84	1522.83	1503.32	1480.11	1178.94	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80

FIXED INTEREST

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. a Amended dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. I Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." §§ Introduction. ** Issued by way of capitalisation. § Placing price. ¶¶ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

MONTHLY AVERAGES OF STOCK INDICES

	October	September	August	July
Financial Times				
Government Securities	82.73	85.98	89.28	89.74
Fixed Interest	89.26	92.74†	95.68	96.40
Ordinary	1,262.3	1,286.2	1,262.1	1,309.6
Gold Mines	302.3	312.5	222.7	195.7
Total Bargains	25,590	20,994	20,709	24,728
F.T.—Actuaries				
Industrial Group	815.49	836.82	822.60	836.28
500 Share	862.13	880.92	861.26	867.63
Financial Group	591.43	603.93	583.34	609.42
All-Share	788.06	802.27	783.83	791.41
FT-SE 100	1,593.1	1,624.8	1,585.7†	1,596.4

	Oct. Low	Oct. High
Ordinary	1,234.0(3rd)	1,285.4(31st)
All-Share	770.44(3rd)	807.27(31st)
FT-SE 100	1,560.8(3rd)	1,632.1(31st)

† Correction

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 36,441

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT	Wednesday October 29, 1986	Increase (+) or decrease (−) for week
	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	91,414,884	+ 4,398,426
Bankers Deposits	962,079,451	+ 173,252,296
Reserve and other Accounts	1,985,725,168	+ 567,790,816
	3,053,772,503	+ 745,441,538
ASSETS		
Government Securities	688,074,967	+ 57,755,000
Advances and other Accounts	833,233,578	+ 180,961,836
Premises, Equipment & other Secs	1,525,457,110	+ 505,978,137
Notes	6,787,180	+ 769,790
Coin	219,668	− 23,225
	3,053,772,503	+ 745,441,538

ISSUE DEPARTMENT	£	£
LIABILITIES		
Notes in Circulation	12,623,212,820	+ 39,230,210
Notes in Banking Department	6,787,180	+ 769,790
	12,630,000,000	+ 40,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	3,458,206,399	+ 681,879,151
Other Securities	9,160,778,501	− 641,879,151
	12,630,000,000	+ 40,000,000

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUST & INSURANCES

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	68.2	69.3	.....	—
U.S. Govmnt Bond Fd	50.515	0.517	.....	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Convtbl & Equity Tst	48.4	51.5	.....	7.61
Growth Trust	52.2	55.6	.....	2.22
Income Trust	54.0	57.5	.....	5.03

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	70.0	73.0	.....	2.90

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	130.6	139.0	+1.3	3.09

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35642

AA Friendly Sy Oct 8	—	102.8	.....	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	199.7	210.3	.....	—
Equity Ser. 1	102.5	107.9	+1.4	—
Prop. Acc. Ser 2	278.8	293.5	.....	—
Equity Ser 2	111.4	117.3	+1.9	—
Selective Acc.	236.2	248.7	+2.0	—
Prop. Ser. 4	220.7	232.4	.....	—
Equity Ser. 4	114.0	120.0	+1.6	—
Fixed Int. Ser. 4	173.7	182.9	+0.1	—
Indexed Inv. Ser. 4	108.2	113.9	-0.1	—
American Ser. 4	264.1	278.0	+3.5	—
High Inc. Ser. 4	287.1	302.3	+2.9	—
Japan Ser 4	226.3	238.3	-4.9	—
Man. Ser. 4	347.3	365.6	+0.6	—
Money Ser. 4	197.1	207.5	.....	—
European Ser 4	121.3	127.7	-2.0	—
Pension Funds				
Property	358.0	376.9	.....	—
Equity	761.9	802.0	+12.0	—
Selective	249.9	263.1	+2.2	—
Managed	613.1	645.4	+1.2	—
Security	342.5	360.6	.....	—
Fixed Int.	188.1	198.1	.....	—
European	194.3	204.6	-4.3	—
American	222.1	233.8	+3.8	—
Japan	232.8	245.1	-6.1	—

Aetna Life Insurance Co Ltd

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2HU Tel: 0908 690888

Current Series				
Property Fund	118.0	124.3	+2.5	—
Money Fund	224.9	236.8	+0.2	—
Managed Fund	402.6	423.8	+1.8	—
Equity Fund	253.4	266.8	+0.1	—
Fixed Interest Fund	136.4	143.6	.....	—
Far East Fund	209.9	221.0	+3.8	—
North American Fund	177.3	186.7	+3.0	—
Natural Resources Fund	143.0	150.6	-0.5	—
Pension Managed Fund	377.4	397.3	+1.6	—
Pension Equity Fund	252.0	265.3	+0.8	—
Adventurous Mngd Fd	121.7	128.2	.....	—
Balanced Mngd Fd	119.4	125.7	.....	—
Conservative Mngd Fd	113.2	119.2	.....	—
European Fund	107.9	113.6	-0.1	—
International Fund	116.8	123.0	+0.2	—
S.U.N. Flagship Fd	125.4	132.0	+0.2	—

For other prices please telephone 0908 606101/660866

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	133.6	140.7	-0.4	—
Equity	149.8	157.7	-0.3	—
Property	109.8	115.6	.....	—
Gilt & Fixed Interest	107.2	112.9	+0.7	—
Indexed Securities	97.8	103.0	+0.7	—
Cash	108.3	114.0	.....	—
North American	114.1	120.2	-0.3	—
Far East	126.5	133.2	-2.6	—
International	128.1	134.9	-0.9	—
Special Situations	145.5	153.2	-0.5	—
International Income	143.7	151.3	-0.9	—
American Income	124.9	131.5	-0.3	—
European	150.0	157.9	+0.5	—
Flexible Retirement Plan				
Mixed	137.4	144.7	+0.3	—
Equity	144.0	151.6	+1.5	—
Property	115.4	121.5	.....	—
Gilt & Fixed Interest	113.5	119.5	+0.8	—
Indexed Linked	99.1	104.4	+0.6	—
Cash	116.4	122.6	.....	—
North American	121.3	127.7	-0.4	—
Far East	141.0	148.5	-4.1	—
International	135.8	143.0	-0.5	—
Special Situations	164.2	172.9	-0.7	—
European	172.9	182.1	+0.6	—
Executive Investment Pension Plan				
Prices on October 29. Unit dealings on Wednesday.				
Cash Fd.	140.5	148.0	+0.3	—
Mixed Fd	186.9	196.8	-0.1	—
Fixed Int. Fd.	140.3	147.7	+0.3	—
UK Equity Fd	215.1	226.5	-3.0	—
Property Fd	134.3	141.4	+0.1	—
Overseas Fd	193.1	203.3	+4.2	—
Index Linked Fd.	105.2	110.8	-0.2	—
Stock Ex. Fd	157.0	159.0	-0.1	—
North Am Fd	121.1	127.5	+4.0	—
Far East Fd	142.1	149.6	-1.6	—
Special Sits Fd	154.5	162.7	-1.8	—

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485

High Int Cheque Acc	11.0	8.22	11.94	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Secs	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	Brit. Oil & Min.	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	23	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	36	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	100⅛	Exch. 13¼pc 1987	100¼	.....	13.20	10.95
100⅞	97⅞	Treas. 10¼pc Cv '87	99¾	–⅛	10.28	11.02
98⅞	92¾	Exch 2½pc 1987	98⅜	–¼	2.55	8.57
101⅛	97⅞	Exch. 10½pc 1987	99¾		10.53	11.07
98⅝	93⅞	Funding 6½pc 85-87	98⅛ xd		6.61	10.16
101⅛	96¾	Treas. 10pc 1987	98¾	–⅛	10.07	11.07
97⅛	90⅞	Treas 3pc 1987	96⅜	.....	3.11	8.35
104½	99⅝	Treas. 12pc 1987	100 xd	+⅛	11.88	10.92
99⅝	92⅜	Treas 7¾pc 1985-88‡‡	96¾	+⅛	8.02	10.61
104	96⅝	Exch 10½pc '88	99⅛ xd	+⅛	10.58	11.11
102⅝	95⅛	Treas 9¾pc Cv '88	98	+⅛	9.95	11.11
94⅝	86⅝	Transport 3pc '78-88	91¾	–⅛	3.27	8.38
102½	93⅞	Treas. 9½pc '88	97⅛	+⅛	9.79	11.19
107⅜	98⅜	Treas 11½pc 1989	100½	+⅛	11.44	11.20
103½	93⅛	Treas 9½pc Cnv 1989	96⅜	+⅛	9.85	11.18
92⅞	82⅞	Treas 3pc 1989	87⅜ xd	.....	3.42	8.52
105⅞	95⅞	Treas 10½pc 1989	98⅜	+⅛	10.68	11.23
104⅜	94⅛	Exch 10pc 1989	97⅛	+⅛	10.30	11.21
107⅛	97	Exch 11pc 1989	99⅜	+⅛	11.06	11.21
93⅜	84½	Treas 5pc 1986-89	88¾	+⅛	5.64	9.49
110⅜	94⅝	Exch 10¼pc Cv '89	99⅝ xd	+⅛	10.26	10.31
114⅜	103⅞	Treas 13pc 1990‡‡	104¾	+⅛	12.42	11.17
108⅝	97⅛	Exch 11pc 1990‡‡	99¾	+⅛	11.05	11.13
113⅝	101⅞	Exch. 12½pc 1990	103⅝	+⅛	12.06	11.18
89⅝	79⅝	Treas. 3pc 1990	83¾ xd	+⅛	3.58	8.47
100⅛	89⅛	Treas 8¼pc 1987-90‡‡	93⅛	+⅛	8.80	10.53
106⅛	93	Treas. 10pc Cv 1990	96⅜	+⅛	10.38	11.15
86⅛	76⅞	Exch 2½pc 1990	80¾ xd	+⅛	3.10	8.19
112⅛	99⅛	Treas 11¾pc 1991	101¾	+⅛	11.56	11.20
94⅛	83⅛	Funding 5¾pc '87-91‡‡	87⅛	+⅛	6.59	9.33
86⅝	79⅜	Treas. 3pc 1991●	79⅝ xd	+⅛	3.77	8.53
40⅞	40	Treas 10pc Cv '91 (£40pd)	40⅛	+⅛	10.32	10.84
110⅝	96⅛	Exch. 11pc 1991	[illegible]	[illegible]	11.04	11.10

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Cont.

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
42	19½	Anglo Utd	23	.....	—	—	—
80	27	♥Colby Res Corp	33½	+2½	—	—	—
300	115	Cons. Murch. 10c	£13¼	+¼	Q60c	4.4	10.6
34	24	♣Ennex Int. Ir10p	25	.....	—	—	—
144	70	Greenwich Res	138	−4	—	—	—
157	93	Hampton Areas 10p	148	.....	♦1.0	—	1.0
327	165	♥Highwood Res	247	+4	—	—	—
£20¼	£13½	Homestake Mining $1	£18⅝xd	.....	Q20c	—	0.7
310	156	♥McFinley Red Lake	213	−2	—	—	—
285	144	♥Musto Explorations	208	−4	—	—	—
51	28	♥New Sabina Res C$1	39½	−½	—	—	—
353	200	Northgate C$1	335	+2	—	—	—
790	513	RTZ	680xd	+15	22.0	2.4	4.6
£164	£115	Do. 9½pcLn '95-2000	£142¼xd	+2	Q9½%	15.5	6.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	60	.....	Fin. 13% 97/02	£94⅝	+¼
Craig & Rose £1	£14¼	.....	Arnotts	270	+10
Finlay Pkg. 5p	47	.....	CPI Hldgs	40	.....
Holt (Jos) 25p	815	.....	Carroll Inds.	113	+2
IoM Stm. £1	75	.....	Dublin Gas	30	.....
			Hall (R. & H.)	78	.....
IRISH			Heiton Hldgs.	27	−2
Fund 11¼% 1990	£96⅞	+⅛	Irish Ropes	112	.....
Nat. 9¾% 84/89	£91¼	+⅛	Unidare	245	+5

"Recent Issues" and "Rights" Page 13

FINANCIAL TIMES
Saturday November 1 1986

Year wait for investor protection

BY NICK BUNKER

BRITAIN'S NEW investor protection regime will not be entirely in place until at least the late autumn of 1987, a full 12 months after the Big Bang changes in the financial markets.

This emerged yesterday as the Financial Services Bill ended its arduous 316-day passage through Parliament. Mr Michael Howard, the Corporate and Consumer Affairs Minister, said he wanted the new investor protection regulations to come into effect "about this time next year."

The Queen is expected to give her assent next Friday to the bill, which lays down the legal basis for a system of self-regulation by businesses in financial services.

Since the bill was published last December, it has been clear that there would be a significant interval between the Big Bang reforms of the London stock market on Monday and the final implementation of the new investor protection rules.

Government officials have also stressed that the bill had emerged from a wide, four-year review of financial services regulation. It was not designed primarily to tackle potential problems in the capital markets after the Big Bang, they said.

But Mr Howard's statement represents a further revision of official expectations of the time needed to prepare for enforcement of the new rules. They will involve criminal law sanctions against investment businesses that operate without authorisation.

Officials have never committed themselves to a definite timetable. But, this summer, they were hoping that the system would be in full operation in mid-1987. That has been altered to the second half of next year.

The initiative now passes to a private-sector body, the Securities and Investments Board. It said yesterday it hoped to apply, by the end of this year, for recognition as the agency designated to receive powers to act as the UK's central watchdog for investor protection.

Two documents will have to accompany its application—a set of draft rules of conduct for investment businesses and a detailed statement of the SIB's staff, resources and intentions. Officials at the Department of Trade and Industry will have to scrutinise the board's submissions. Under the bill, the Office of Fair Trading is to check that the rules of conduct do not infringe competition law. MPs and peers could then be asked to approve a delegation order to confirm the SIB's legal powers.

The DTI said it hopes to complete this process next spring, opening the way for the City's new self-regulatory organisations to seek recognition from the board as bodies that make and enforce rules.

Investment businesses will then need time to apply for authorisation via self-regulatory organisations, before the new regime may be fully implemented.

Mr Howard defended the Government yesterday against recent claims that the bill's main thrust had been lost in a maze of after-thoughts and technical amendments prompted by protests from industry lobbyists.

"The bill remains true to the White Paper published in January 1985. None of the amendments affected the basic structure," he said.

The SIB said the bill had undergone "a lot of changes in detail, but not that many changes in substance."

Details, Page 3

Stock Exchange trading tradition crumbles

By Terry Byland

THE TRADITIONAL role of the London Stock Exchange trading floor has crumbled more rapidly than expected in the first week of business in the transformed UK securiteis market, in spite of the problems with the markets computer systems.

There were rumours yesterday that at least two more market-making firms would shortly join the flight from the floor, by removing virtually all their traders to their City offices, where trade would be conducted by Stock Exchange Automated Quotations screens and telephones.

Chase Manhattan, the US bank, which trades through its recently-acquired British subsidiaries, Simon and Coates and Laurie Milbank, said it was "actively considering taking its traders off the floor, probably leaving no more than a token team for the Government bond market. It expects to decide next week.

This follows Thursday's move by Warburg Securities, part of Mercury International Group, to trim its floor presence and leave only 18 of its 70 traders there.

The traditional throng on the market floor had already been substantially reduced by the move to off-floor trading.

"The trading floor looks like Ghost City now," said a dealer with 30 years' experience as a floor trader. "Very sad," agreed a fellow stalwart of pre-Big Bang days.

The move off-floor has been stimulated by the policies of the big institutional investors, which now deal almost exclusively by direct trading with the market makers on prices net of commission.

Net commission deals, however, are not available to the small, private investor, who is expected to continue trading through the retail brokers.

The reduced of the trading floor presents problems for the smaller stock market trading firms, which often lack the capital tob uild elecronic dealing rooms.

It is also disurbing for many middle-aged floor dealers, who feel ha he skills acquired over a lifeime may soon be no longer required.

The fading of the trading floor's pre-eminence coincides with the exchange's attempts to obtain agreement among its members to a merger with the International Securities Regulatory Organisation.

Stock Exchange report, Page 11

THE LEX COLUMN

Of Bangs and Gas leaks

Though traditionalists might have expected computer failures to bring on an Indian Summer of face-to-face trading on the floor of the Stock Exchange, it looks as if eyeball contact has had its day. In a single week, the character of the London market has fundamentally changed, if not in quite the way that most people hoped. What was meant to be an efficient open auction process, with competitive quotations displayed live on screen, has so far been more like a telephone market where investors have to strike their bargains over the wire in ignorance of the prices genuinely available elsewhere. Perhaps reality will move closer to the theory when the Topic computer is able to transmit gilt-edged prices without imposing a minute's delay. But maybe asking a market maker was always going to be the only way to get a real price.

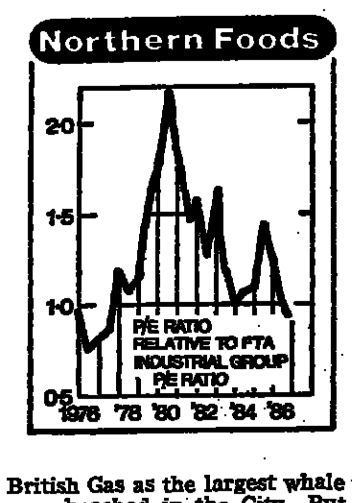
British Gas

The device of privatisation by easy instalments has many advantages. The cash flow to the Exchequer (and from the equity market) is smoothed out over a couple of years — effectively cutting the issue down to size. In the case of British Gas, which has over 4bn shares to shift, that is no mean objective. But to sell the shares in partly paid form has the additional benefit of gearing up the initial returns to investors in the issue. What is more, the size of the down payment and the first call can be known—the amount is 50p in each case — before the final pricing of the entire issue.

Given the associated revelations about the timing and quantity of gas vouchers, promised dividends, and the date of the call, it becomes possible for the private investor to work out the return to holding the shares over their first months on the market. At a rough approximation, paying the first call and collecting the first gas rebate could raise the annualised yield on the partly-paid shares to something over 30 per cent. But holding on beyond the end of June would, naturally, lower that return with a bump.

The advisers to British Gas have also to make the shares acceptable to institutions, to whom the fully-paid dividend yield is without doubt the key. It is a fairly safe assumption that the 150p upper limit will not play much part in the pricing discussions; barring an unexpected surge in oil shares, a 6 per cent yield would leave British Gas as the largest whale ever beached in the City. But unless the new Saudi oil minister has a spectacular Opec failure in the next month, undermining the entire energy sector, it should not be necessary to raise the yield much above 7 per cent, which would suggest a price close to 130p.

Index rose 6.3 to 1285.4



Northern Foods

Northern Foods never convinced the City that it could manage its US companies, but it is redeemingly good at trading them. Yesterday's disposal of the bulk of the Keystone businesses to the minority partner will raise about $73m, or $56m in cash plus a loan note and the outstanding minorities in three other companies. The historic exit p/e of 14 on a fully-taxed basis means very little since no tax was being paid on earnings, but the shift in the dollar/sterling exchange rate since the purchase in 1983 has handed Northern Foods a tax-free capital gain on the cash alone.

Northern Foods' great excursion into the US from 1979 did some damage to its management reputation and destroyed its historic premium rating. Keystone may have shown a good return on investment. But Northern underestimated the marginal power of minority shareholders and overestimated its own capacity to develop new products for McDonalds. As burgers and chicken nuggets matured in the system and volumes stabilised, Keystone's return — and profits outlook — were at the mercy of weak raw-material prices in a cost-plus regime.

Northern must now start all over again. The US cake cleaning business is for sale, but this will merely deepen the operation, when the remaining companies are too modest and diverse to form the basis of a coherent American strategy. Gearing up in the UK to make acquisitions in a frothy over market may not be the answer. In the circumstances, Northern's share price did well to put on 2p to 277p, but the UK business can probably still deliver reasonable earnings growth even without any help from inflation.

Avis Europe

Avis Europe deserves some sympathy as a failed new issue. What is generally agreed to be a well-managed company with above-average growth potential will find its shares suffering for some months as underwriters and disenchanted investors unload stock. There is a list of easy excuses for the undersubscription. It was Big Bang week. Eurotunnel was doing the rounds. British Gas was coming, and brokers were not sure which analyst should cover this new type of share. Or possibly Morgan Grenfell and Cazenove were pioneering the bought deal with the underwriters' unwitting assistance.

More probably, the difficulty was that the shares were priced on the rating Avis Europe might merit once it has been public for a while. That left no immediate gains for the stags. Without them, it seems, such a big issue will not succeed and longer-term investors can expect to buy cheaper, later. Had the shares been priced on a prospective multiple closer to a market average the issue would have been taken out. Then after a couple of good sets of figures, bearing out the group's forecasts, the premium rating would have been attained.

The bank and broker can be blamed for poor judgment, though it would have been a difficult task to explain to the sellers, Wesray, that Avis Europe should be sold for less than it might be worth. However, if stags are now so committed to demanding free gifts with issues, like BT, TSB and no doubt Gas, issuers will have to take the response temperature far more carefully before setting the price and be more flexible. As it is, genuine investors have a good, but probably not short-lived, chance to buy Avis Europe.

Kleinwort to sell large part of its M & G stake

By Eric Short

KLEINWORT Benson Lonsdale, Britain's biggest merchant banking group, is to dispose of a large part of its stake in the M & G Group, a leading unit trust and financial services group in an offer-for-sale expected to raise about £80m.

Kleinwort will offer to the public about 28m shares, amounting to 37 per cent of M & G's issued capital. This will leave Kleinwort with just under 5 per cent of M & G.

Kleinwort has held its substantial minority stake in M & G for some years, but has recently developed other interests in the unit trust business, particularly since acquiring the Barrington unit trust stable along with stockbrokers Grieveson Grant. It intends to expand this directly-owned unit trust business.

The reason for holding the M & G stake has therefore diminished at the same time as Kleinwort's need has increased for free capital to support its greatly - expanded securities market operations.

No price for the offer has been given, but it is expected to be in the range of a 5 to 10 per cent discount on M and G's share price at yesterday's start of 290p. The share price rose 17p to 307p on the news of the offer.

The offer document, to be issued next Thursday, will contain a profit forecast for M and G for the year ending September 30, 1986. The market has been forecasting a pre-tax profits rise of at least 40 per cent to £14m, and now expects the figure to be higher still.

Kleinwort has chosen to dispose of the shares through an offer-for-sale, instead of some other means such as selling to a single buyer. This was mainly because the method was favoured by M and G's senior management, which is known to wish to remain independent.

M and G is fostering the move to spread the shares widely by circulating details to all its unit-holders and policyholders.

Kleinwort acquired its original stake in M and G in 1959. It has a book value of about £15m.

Avis Europe's flotation fails

BY TERRY POVEY

AVIS EUROPE'S £278m flotation, one of the largest this year apart from privatisations and the sale of the TSB Group, has failed with about one third of the 72m shares on offer left with the underwriters.

While European institutions took 20m shares under a special arrangement, UK institutions virtually boycotted the 250p-a-share issue claiming it was overpriced. By the intended close for applications at 10 am on Thursday, scarcely any UK institutions had applied for shares.

Even the preferential offer to Avis's staff was poorly supported. Only 422 applicants, about one in nine of the workforce, took up a total of 358,000 shares. This compares with the 7.2m shares that had been set aside for employees.

In spite of the offer's poor reception, Avis Europe has now been disposed of by its ultimate parent, Wesray Capital Corporation of the US, in the first offer-for-sale since Monday's Big Bang. Wesray retains a 34.5 per cent stake in the floated company, which previously represented the Europe, Middle East and Africa region of Avis Inc, the international car hire company.

Mr Alun Cathcart, Avis Europe group managing director, said yesterday he was "very surprised and disappointed" at the offer's outcome. "However, we are now an independent company, we stand by our record and the forecasts made and do not feel that the result is any reflection on us."

Last night Avis Europe's bankers, Morgan Grenfell, and stockbroker Cazenove, were trying to put a brave face on the refusal of many fund managers to buy the shares.

However, a senior executive at one of the UK's biggest fund management companies said the issue had been overpriced. "There is nothing wrong with the company but investors are not mugs willing to take any offer at any price," he said.

Mr Nick Carrow, of Morgan Grenfell, said one possible reason for the poor institutional reaction was that the shares had been trading at a small—5p to 10p—discount to the offer price on the grey market—the informal market made in advance of dealings. There was also a lack of interest from the stags, who seek quick gains on issues when trading starts.

Mr Garrow said he did not consider the offer overpriced. There was, however, perhaps an expectation in the market that all offers-for-sale would include a "present" being priced under what the market would bear—in the same manner as privatisations.

Oil gains on new Saudi policy

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

OIL PRICES continued to climb yesterday in the wake of Saudi Arabia's newly stated policy of achieving a minimum level of $18 a barrel. Brent crude rose steadily and was eventually quoted at $14.90 a barrel, up $1 from Thursday's close.

Prices also rose in the US, with December deliveries for West Texas Intermediate, the benchmark crude, opening at $15.50 before slipping back to $15.34, some 30 cents higher than the previous night.

Traders have been encouraged by statements from Saudi Arabia that after the dismissal of Sheikh Ali Zaki Yamani as Oil Minister, the kingdom would emphasise higher prices rather than increased production levels.

Mr Hisham Nazer, the acting Oil Minister, has called for an urgent meeting of the three-nation pricing committee of the Organisation of Petroleum Exporting Countries to consider his proposal on prices.

However, the meeting is unlikely before the end of next week because Sheikh Ali Khalifa Kuwait's Oil Minister, who chairs the committee, will be attending a summit meeting of the six-nation Gulf Co-operation Council, starting in Abu Dhabi tomorrow.

Dr Mana Said al-Otaiba, Oil Minister of the United Arab Emirates, said yesterday that he fully supported the call for a meeting of the pricing committee. Because of the importance of the subject, however, it would like an extraordinary Opec conference of all members. The next full Opec meeting is scheduled to begin on December 11.

Dr Otaiba also said that oil companies in Abu Dhabi had been told to cut their November output to a level that would allow the UAE to come within its Opec quota of 950,000 barrels a day. The UAE, of which Abu Dhabi is by far the largest producer, has for some months been lifting at least 200,000 barrels a day above its Opec-agreed level.

However, there is deep scepticism within the oil industry about the chances of Opec's managing to revert to a fixed-price policy, despite the backing of producers such as Iran and Libya, which bitterly opposed Sheikh Yamani's strategy of first regaining a large market share.

Mr Hisham Nazer is believed to favour a reduction in Saudi Arabia's present output of 4.3m b/d. but only if the burden is equally shared and other Opec members adhere to the agreement. Previous efforts to maintain quota levels have always foundered on the unwillingness of some producers to abide by the rules.

Saudi officials emphasise, however, that there is no question of the kingdom again fulfilling the role of swing producer.

Opec is also well aware that even if it were to agree on a fixed $18-a-barrel price, its non-Opec competitors would enjoy a substantial market for crude priced at $17.50 a barrel. For any fixed-price agreement to be effective it would still need the co-operation of non-Opec producers, especially Britain.

Norway, which last month announced that it would store 80,000 b/d of its output in November and December in support of Opec policies, gave a warning yesterday that it might have to revise that policy if there was any significant change in the cartel's objectives.

Mr Egil Helle, an oil ministry official, said that if Sheikh Yamani's removal led to a policy change or a new price fall, Norway "might no longer consider itself bound to this agreement." But as Saudi Arabia appears to be moving in entirely the opposite direction, there appears little reason for Norwegian concern.

Continued from Page 1

Goodison

provides the single best quote for each alpha (most frequently traded) and beta (less frequently traded) security in the Seaff system.

All subscribers would from now receive the Level II competing quotes service.

Mr Michael Baker, director of the exchange's settlement division said the settlement computers Talisman and Charm had performed faultlessly during the week.

The matching problems had been caused by staff in member firms who were unfamiliar with the settlement procedures.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		NatWest Bank	529 + 16
Tr. 11¾pc '03-'07	£108 7/16 + 7/16	Platon Intl.	171 + 13
Tr. 13½pc '04-'08	£122 1/16 + 1/16	Polly Peck Intl.	193 + 13
ATA Selection	55 + 7	Poseidon	214 + 17
BAT Inds.	464 + 9	RTZ	680 + 15
Berisford (S. & W.)	282 + 13	Sears	137½ + 3½
Bestwood	490 + 25	Shell Transport	931 + 32
British Aerospace	477 + 21	Southend Stadium	229 + 14
BP	659 + 30	Storehouse	329 + 9
Britoil	145 + 10	Stylo	241 + 11
Brown (Matthew)	594 + 25	Tate & Lyle	577 + 6
Dialene	285 + 25	Thorpac	190 + 37
Helical Bar	386 + 34	Trafalgar House	291½ + 13½
Henara	68 + 11	**FALLS:**	
LASMO	135 + 11	Appleyard	156 − 29
M & G Group	307 + 17	Jaguar	519 − 6

WORLDWIDE WEATHER

UK today: Rather cloudy with some rain. Clearer later, with showers persisting in E. Outlook: Dry, becoming unsettled.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Corfu	F	19	66	Luxmbg.	C	7	45	Peking	S	14	57
Algiers	F	21	70	Dallas†	F	12	54	Madeira	C	20	68	Perth	S	22	72
Amsdm.	F	11	52	Dublin	C	10	50	Madrid	S	15	59	Prague	F	9	48
Athens	C	18	64	Dbrvnk.	C	16	61	Majorca	S	20	68	Reykjvk.	S	0	32
Bahrain	S	30	86	Ednbgh.	S	9	48	Malaga	S	22	72	Rhodes	F	22	72
Barclna.	S	17	63	Faro	S	21	70	Malta	C	21	70	Rio J'o		—	—
Beirut		—	—	Florence		—	—	M'chstr.	F	10	50	Rome	S	—	—
Belfast	F	7	45	Frankft.	C	7	45	Melbne.	F	19	66	Salzbrg.	F	10	50
Belgrd.	C	11	52	Geneva	S	10	50	Mx. C.		—	—	S F'cisc†	F	11	52
Berlin	C	9	48	Gibraltar	S	21	70	Miami†	S	26	79	Singapr.		—	—
Biarritz	F	16	61	Glasgow	S	9	48	Milan	S	16	61	S'tiago		—	—
Bmghm.	C	10	50	G'rnsey	C	12	54	Montrl.†	F	−4	25	Stckhm.	C	6	43
Blackpl.	F	11	52	Helsinki	C	6	43	Moscow	C	3	37	Strasbg.	R	10	50
Bombay	F	33	91	H. Kong	S	24	75	Munich	S	11	52	Sydney	F	28	82
Bordx.	C	13	55	Innsbrk.	S	12	54	Nairobi	S	27	81	Tangier	S	21	70
Boulgn.		—	—	Invrnss.	F	8	46	Naples	S	20	68	Tel Aviv	F	27	81
Bristol	C	11	52	I.o.Man	C	10	50	Nassau		—	—	Tenerife	S	24	75
Brussels	C	12	54	Istanbul	Dr	14	57	Nwcstl.	F	9	48	Tokyo	S	15	59
Budpst.	F	10	50	Jersey	C	13	55	N Delhi	S	30	86	T'ronto†	F	−3	27
Cairo	S	29	84	Jo'burg	C	18	64	N York†	F	3	37	Tunis	F	21	70
Cardiff	C	11	52	L. Plms.	F	23	73	Nice	S	20	68	Valencia	S	19	66
Cape T.	S	19	66	Lisbon	S	19	66	Nicosia	S	26	79	Venice	S	15	59
Chicago†	F	7	45	Locarno	S	15	59	Oporto	S	18	64	Vienna	F	12	54
Cologne	C	11	52	London	F	13	55	Oslo	C	7	45	Warsaw	F	7	45
Cpnhgn.	F	10	50	L. Ang.†	F	15	59	Paris	C	12	54	Zurich	F	11	52

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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US and Japanese agreement

package, to assure that its expected impact on growth was realised, he added.

Japan intended to implement a tax reform plan as soon as possible after Parliamentary approval. This would include reductions in the marginal tax rates for both personal and corporate income, the minister said.

Mr Baker welcomed Japan's actions and its plans to stimulate growth and reduce imbalances. The US remained fully committed to significant and steady reductions in the US budget deficit, consistent with the Gramm - Rudman - Hollings Act, he said.

He also pledged to continue to resist protectionist pressures and to work towards free and fair trade. The US had just enacted what he termed an historic tax reform, which would provide additional incentives to invest and to work, and would promote growth in the US economy, he said.

On exchange rates, Mr Baker and Mr Miyazawa expressed their "mutual understanding that, with the actions and commitments mentioned above, the exchange rate realignment achieved between the yen and the dollar since the Plaza agreement [in New York in September last year] is now broadly consistent with the present underlying fundamentals."

In Tokyo, the package was quickly criticised as too little, too late. There was scepticism about Mr Baker's comments on protectionism and on whether the stimulative measures would have the desired impact on Japanese growth.

Tokyo's stock market, which showed its biggest one-day gain on Thursday, settled lower yesterday. The Nikkei Stock Average lost 100 points to close at 16,910.6.

In Washington yesterday, US officials described the bilateral pact with Japan as an important step towards greater co-operation by the two countries to promote world growth. The US Treasury called the agreement the latest in a string of co-ordinated measures between the US and non-Communist economic partners since the Plaza agreement, when the Group of Five industrial states agreed to co-operate in effecting an orderly depreciation of the dollar.

The senior Treasury official did not signal an immediate reduction in US interest rates: "There is no Federal Reserve action as part of this package." He did not mention directly whether the US was looking now for other countries to cut their interest rates.

Senior officials in London said the bilateral pact, on balance, would lead to greater exchange rate stability, but said the agreement should have no immediate or direct impact on British interest rates or on its exchange rate policy.

In London, the dollar failed to maintain the day's highs of DM 2.0760 and Y164.20, which it hit in an immediate reaction to news of the US/Japanese accord. It closed at DM 2.0590 and Y163.40, compared with its close on Thursday at DM 2.0625 and Y161.80.

The dollar's rally ran out of steam despite a 0.4 per cent increase in US leading indicators in September and a healthy rise in US factory orders.

There was already scepticism about the efficacy of the exchange rate pact. Economists said that the exclusion of West Germany meant the statement fell well short of a Group of Five agreement, and that the pressing domestic priorities of each country, which had provoked discord in the G5 this year, remained.

In Washington, opinion was divided as to whether the measures and Japan's rate cut would pave the way to a further lowering of the US discount rate. Analysts there interpreted the bilateral agreement as partly a domestic political manoeuvre by the Treasury Secretary before the Congressional election on Tuesday. They said Mr Baker had been able to play on Japanese fears of a protectionist Congress emerging with the Democrats in control of both the House and Senate. The Republican Party controls the Senate at present.

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WEEKEND FT

Saturday November 1 1986

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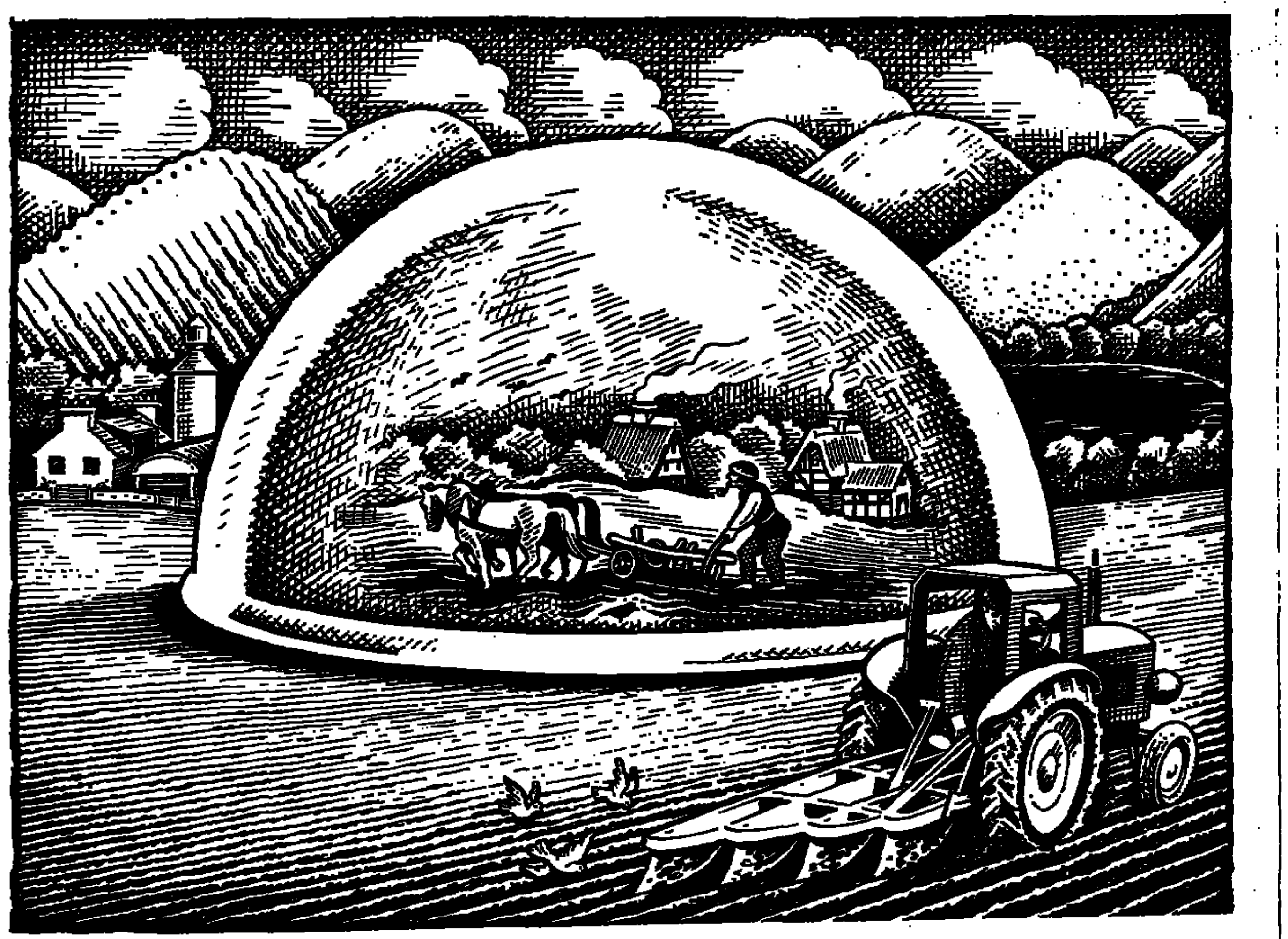
The battle of Featherly

Peter Gillman tells how a Kent beauty spot became the focus of a campaign to save Britain's vanishing woodlands



Iain McIntosh

IN THE secluded countryside south of Canterbury, where a worn single-track road climbs out of the Pett Valley, lies Featherly Wood. Chestnuts and hazels form a luminous canopy above the road; the banks are clothed with ferns and anemones. With shafts of autumn sunlight piercing the trees, the rural idyll appears complete.

For all its tranquil image, Featherly Wood is the focus of a spectacular row. What began four years ago as an altercation between a farmer and the local council has now embroiled several ministries and the higher reaches of the legal system. For conservationists, it exposes the contradictions of the government's policies towards the environment, which threaten as much of the countryside as they preserve. At the Department of the Environment, minister William Waldegrave concedes some criticisms and rejects others, but promises that the environment is in good hands.

Peter Bell, a tall, broad-shouldered farmer and a former England rugby international, bought Featherly Wood and the adjoining Quilter's Wood in 1981. The price, for 88 acres, was £24,000. Bell planned to clear 50 acres of trees and graze a flock of sheep, so he applied to the Ministry of Agriculture for a grant under the EEC-backed Farm and Horticulture Development Scheme. He was promised around £8,000 and in May 1982, having bought a second-hand bulldozer, began to clear the trees. "Everything was going just fine," he says.

That was decidedly not the view of Canterbury Council's conservation officer John Chater. While Bell saw himself as a hard-working farmer, to Chater he was hastening the demise of the countryside. In the past 40 years intensive agriculture, much of it fuelled by EEC grants and incentives, has eliminated 95 per cent of Britain's flower-rich meadows, 60 per cent of heathland, and 50 per cent of ancient woods like Featherly and Quilter's. At Canterbury, says Chater, the council "took the position that no more ancient woodlands were going to be destroyed."

It was thus with some dismay that he learned that Bell had started to clear Featherly Wood. He promptly served a tree preservation order compelling him to stop.

Bell was determined to persevere. With the support of the Ministry of Agriculture, he applied for the preservation order to be lifted, but Canterbury was adamant. A public inquiry held at the village hall backed the council and when that verdict was endorsed by the Secretary of State for Environment, Kenneth Baker, in September, 1984, the council assumed that the matter was at an end.

The dispute now entered uncharted territory. The 1971 Town and Country Planning Act provides for compensation for "loss or damage" caused by a tree *preservation order. Local councils like* Canterbury assumed that this referred to the value of trees as timber, which in Bell's case it estimated at £11,733. But the phrase had never been tested, so Bell lodged a claim with the Lands Tribunal, which sits at the Law Courts in the Strand, for no less than £61,962.

He sought compensation for being prevented from converting the woods to agricultural land, including the value of his EEC grant and £1,000 for depreciation on his bulldozer. At Canterbury, *says Chater, "we thought he was trying* it on." But in June 1986 the Lands Tribunal sided with Bell on almost every count and awarded him £46,546.71.

Including legal costs, Canterbury faces a bill of around £75,000, to be met from a rural conservation budget of £6,000. In return, says Chater, "we have got nothing except stopping Bell from destroying the wood. It is an appalling price for protecting one small bit of the countryside." Environmental groups are no less appalled, particularly as the council faces other claims, including one for £120,000. David Conder, assistant director of the Council for the Protection of Rural England (CPRE), says: "Canterbury's policies are in ruins."

Ironically, conservationists had previously viewed the woodlands as one area where they were making headway. Even the Ministry of Agriculture Fisheries and Food (MAFF) now accepts that the Common Agricultural Policy has gone too far: the incentives *which brought Britain surplus produce* costing over £2bn last year have also created an excess of 1m acres of agricultural land, and the ministry has halted woodland clearance grants.

The Forestry Commission, which has to sanction all schemes to fell mature woods, has also undergone a change of heart. Until recently it issued felling licences almost indiscriminately; now it allows deciduous woods to be felled only "in exceptional circumstances." But Featherly Wood remained outside its ambit, as Bell was proposing to clear only the coppice or younger trees, leaving the mature oaks intact. Coppice woods in Britain are still under threat and the lands tribunal decision could speed their decline. Canterbury has appealed against the Lands Tribunal decision, and Chater says that it is determined to see the case through. "The councillors realise its importance in a national context."

Waldegrave, who has been winning friends among conservationists for his espousal of "green" politics, accepts its importance. "We are watching it very closely," he says. "If the final outcome is to establish what would look like a new principle of extensive compensation in cases like this, the government would have to review the position."

Although Waldegrave's promise gives comfort to conservationists, they are disinclined to view the case as an aberration, since it offers a close parallel to the 1981 Wildlife and Countryside Act. Where the government presented the Act as the showpiece of its environmental policies, intended to reconcile conservationist and agricultural interests, conservationists predicted that agricultural pressures would prove too strong; they say their fears have been borne out.

The Act aims to preserve environmentally valuable areas termed Sites of Special Scientific Interest, or SSSIs, which cover roughly 7 per cent of Britain. If farmers propose to encroach on an SSSI, the Nature Conservancy Council is obliged to pay them not to do so. Much as at Canterbury, these payments are based on farmers' "profits foregone." Farmers in the Kent marshes who say they want to convert grazing to arable land have been receiving £130 an acre, composed almost entirely of the subsidies and grants they would have received. These included payment for grain at the subsidised EEC rate of £110 a tonne — even though the market price was around £60 — and the loss of a grant for draining marshland.

For the Nature Conservancy Council, the paradoxes are all too clear. "We are doing MAFF's job for them," says estates manager David Ritchie. "It should be MAFF who is stopping farmers from reclaiming Kent marshes, not us. We do not need more grain." He adds: "Ordinary farmers or owners who don't propose to damage a site get nothing, and the one who threatens to increase the grain mountain gets payment. That's the illogicality of it."

The NCC has so far settled 350 claims, costing around £700,000 a year. With 1,000 claims already in the pipeline, the annual figure is likely to reach £15m by the early 1990s. According to an official report by the Laurence Gould consultancy, those figures are swollen by payments to landowners for fictional improvements "that would not have been undertaken but for the opportunity to claim." Echoing the NCC, conservationists say they are dismayed that so much good money is spent compensating farmers for a notional loss of subsidies and contend that it could be put to far more constructive use.

Waldegrave says that such criticisms are out of date. "When I first arrived in the job I took them more seriously than I do now." He adds that NCC officials who inspect farmers' claims are "getting pretty good at playing the poker game of seeing the ones that are dubious" and that even at £15m a year the Act offers "very good value for money."

Yet Waldegrave implicitly concedes the paradox he faces while the Common Agricultural Policy—which he once termed the "engine of destruction" of the English countryside—remains unreformed. "The British government is struggling to get sense back into the CAP and it's going to be a matter of years before it is successful, if it ever is successful, and meanwhile we have to do something about it."

When considering the impact of the 1981 Act on the 93 per cent of the countryside not covered by SSSIs, further paradoxes are exposed. The Act permits local authorities to pay farmers and landowners to preserve the landscape, based again on "profits foregone." But in five years the scheme has brought just four such agreements, worth £21,000. "Funding," the Gould report drily comments, "is the limiting factor."

Although local authorities are paid half their costs by the Countryside Commission, they are reluctant to make agreements which "involve anything more than a minimum level of payments," the Gould report says; understandably so, when the government is doing all it can to restrict their expenditure. An aerial survey by the Countryside Commission, to be released next month, confirms that destruction outside the SSSIs is continuing, and Waldegrave concedes: "We haven't got in place the right incentives for the wider countryside."

The proposal most favoured by environmentalists is for "Landscape Conservation Orders" which would oblige landowners to preserve the landscape instead of merely paying them not to destroy it.

Waldegrave has responded by proposing LCOs in the National Parks only. Conservationists view this as a diversionary tactic but Waldegrave presents it as a "foot in the door," explaining: "it's such a new concept I would like to see if we can make it work in the Parks." At the CPRE, David Conder warns that LCOs would be far too costly if they followed the Canterbury precedent and Waldegrave agrees that any measure must avoid "huge expenditures." Both see reform of the CAP as the long-term goal. "The most important thing in the wider countryside is to relieve pressure on over-production," Waldegrave says.

The most extreme example of the damage caused by government subsidies is to be found 650 miles north of Canterbury, in the "flow country" of Sutherland and Caithness. It is one of Britain's most distinctive landscapes, with bogs and lochans scattered across a peaty terrain. The territory of free-roaming deer and the golden eagle, and of wading birds such as greenshanks and golden plover, it is probably the last true wilderness in Britain.

In the last five years vast stretches have been ploughed and planted with blocks of conifers. The birds and the deer are being excluded, the bogs and lochans threatened by acidity and insecticide. Ian Prestt, director-general *of the Royal Society* for the Protection of Birds, calls it "the rapid destruction of one of the world's most unusual habitats." The Nature Conservancy Council talks of "an enormous loss for Britain and Europe and indeed the world."

So far one-sixth of the flow country —about 50,000 acres—is the subject of forestry schemes. The process was accelerated after the Thatcher government decreed a switch from public forestry to private planting, which brought into play a system of incentives originally intended to replace Britain's timber after the Second World War, now proving especially attractive to investors liable to income tax at the top rate of 60 per cent.

The cost of planting in the flow country is around £400 an acre. Investors receive just under £100 as a "planting grant" and full tax relief on the remainder, so that 70 per cent of their costs are met by public funds. Provided they sell the *plantations* before they *mature* they pay no tax on the increased value of the trees. So far the destruction of the flow country has been funded by around £10m of public money and conservationists complain that the pattern is being repeated throughout Scotland.

Until now conservationists concerned over blanket afforestation have looked in vain to the Department of the Environment, for it has no formal standing in the matter, and forestry is subject to no planning controls. (The Forestry Commission can exact conditions when a company applies for a planting grant but in contentious cases companies have been known to forego their grant and plant anyway.) Yet William Waldegrave expresses himself in forthright terms: "There are some pretty silly forestry schemes about which are created by the present tax structure," he says; they produce "some rather strange results from the environmental point of view."

The forestry companies may receive little comfort from Waldegrave's boss, environment secretary Nicholas Ridley, who as a free-marketeer is an avowed opponent of lame duck industries and also, Waldegrave comments ominously, "extremely interested in forestry policy."

Such remarks may be taken as a signal that the environment department is aiming to exert its influence over forestry. It is conducting studies of the impact and economics of forestry and may be assisted by a sceptical independent report to be considered soon by the Commons Public Accounts Committee.

Waldegrave also hopes that forestry could help rescue Britain from the embrace of the CAP. The Ministry of Agriculture is currently considering whether surplus agricultural land could be used for forestry and—provided it is "the right kind of forestry in the right kind of places"—Waldegrave approves. *It could even mean that back in Canter*bury, Peter Bell will be paid to plant trees instead of cutting them down.

The Long View

Risky time for the risk-takers

London's deregulated financial system isn't a planned advance but a surrender to forces the authorities can's control, says Anthony Harris. But at least speculative freedom leads to stagflation becoming a bit less dreary.

IN BETWEEN computer breakdowns, investors are probably seeing the new deregulated investment world at its best at the moment. Competition is genuine, so the dealing spreads between bid and offer prices are much narrower than they were in the day when market-making was dominated by three or four jobbers.

Equally, brokers regard their private clients as gold, since they do at least pay commissions; it will not be until later, when they are likely to discover how hard it is to earn the keep of all their expensive staff and equipment, that dealing expenses will begin to rise, as they did in the US.

There will probably never be a cheaper time, then, to rearrange your portfolio. However, you will want, naturally, to examine all the evidence before you make any decisions; and in this respect the world has already changed for the worse. Some of the more questionable operators already seem to have spotted an unplanned advantage for themselves in electronic trading: you can spread rumours much faster.

Only the oldest of us, I suspect, can remember such a crop of apparently baseless rumours as sprouted up last week. They moved prices, though; and as long as they move prices, someone is profiting from them. For that reason, it is only sensible to suppose that the stream of fiction will continue. Already, then, we can see *the dark as well as the* bright side of deregulation.

The reason is again the pressure generated by higher costs and lower margins; and this pressure will get much worse if we should drift from the present sideways market into a bear market, even a relatively short-lived one. Trade is always slack in a bear market.

Such a movement could be started in UK shares by any Labour advance in the opinion polls, or a collapse of the oil price, or another set of really bad trade figures, to name but a few. It could be started internationally if the Japanese recession continues; if the German economy stutters (as some observers now expect), or if the anaemic US recovery relapses *again. This is clearly a risky* time for the risk-takers in the *City.*

Nobody, of course, is going to shed any tears over the City's woes—if they can be contained within the City. It seems unlikely, though, that they can. Hunger drives previously respectable men to less respectable deeds—to churning, dawn raids and unpromising mergers—and, in narrower markets, to shadier manipula*tions. Let us have brokers* about us that are fat, as Julius Caesar remarked so presciently.

Why, then, are we moving in this direction? The propaganda might have convinced you that it is all in the cause of economic efficiency; but there is no evidence at all that efficient, liquid markets in second-hand company securities promote economic efficiency, and a great deal to point the other way.

The complaints of US industrialists, who are increasingly prepared to mortgage their assets at usurious rates of interest to buy themselves out of the market game, fill the business press. The US and British economic record is hardly inspiring.

The fact is that the central bankers and supervisors who have traditionally loved nothing better than orderly, well controlled markets have not succumbed to a new intellectual fashion (and unchecked speculation is hardly a novelty: central banks were largely created to prevent it). They have not even embraced international trading — the force which dragged London along in the wake of New York—because they believed in it. They did it because they had no alternative.

Huge international capital flows are not the result of deregulation: they are the cause of it. The causes have been economic—not the computer revolution but the Opec surplus succeeded by the Japanese surplus. Since governments were not able or willing to organise these flows, arranging huge government-to-government loans, the markets had to do it. The highly expensive technology has came last—simply because, until the financial flows were so huge, nobody could afford the equipment.

The growth of international markets has certainly solved a very big problem; we have been able to survive some enormous shocks without the kind of collapse that occurred 50-odd years ago. However, there has been a price—a high danger of financial inflation, checked by historically high interest rates, as well as the undesirable rumours, deals and short-sightedness that result from hyper-active markets. Above all, perhaps, we suffer unprecedented instability in really important numbers like exchange rates.

Indeed, some critics of the City—such as Brian Gould of the Labour party —are already calling on the authorities to stuff the genie back into the bottle and return to a safer, more controlled world; and, before long, some investors may feel very ready to support him.

However, Gould is really a victim of the City's own propaganda. If the new world of footloose capital was the result of a voluntary decision, we could reverse that decision; but, in the real world, we cannot reverse it until the economic causes are removed—until the Japanese start spending their incomes, until the debts of the third world are consolidated. That is not a long way of saying "never," but it does mean "not in a hurry."

The whole system of unregulated borrowing, huge *liquidity and continuing* imbalance is what we have come to know as "stagflation;" it has been with us for some years, and still is. The new electronic casino will not stop, and will probably be shut down as soon as conditions permit: until then, though, it does at least make stagflation less boring.

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هكذا من الأصل

Investors rocked by week of revolutions

THE LONDON Stock Market has been reeling this week from the effects of not just one, but two revolutions: its own radical upheaval in share dealing systems and Saudi Arabia's surprise dismissal of Sheikh Yamani, its Oil Minister.

And like revolutions down the ages, the twin explosions in London and Riyadh have provoked optimism and fear in roughly equal proportions, together with a generous measure of chaos.

Chaos and embarrassment descended on the Stock Market in the very first hours of Big Bang on Monday morning as the centrepiece of the new structure, the computerised price and dealing information system, went out of action because of overloading. The Stock Exchange's serious underestimate of the demands likely to be made on the new system will mean difficulties for months to come.

But the importance of these early hiccoughs can be exaggerated. As the week wore on, more market-makers were at pains to stress that when the new system was working, it was working well, being both flexible and easy to use. And while it is still far too early to gauge the impact of the changes, there appear to be several simple early lessons of significance for investors.

First, volume has already increased beyond many dealers' expectations — even though a substantial proportion of that has been between market-makers themselves. On Thursday, for example, 18m British Petroleum shares were traded in the wake of the Saudi announcement.

Secondly, the market is spread—the difference between its best buying and selling prices—has narrowed markedly for Alpha stocks, the 60 or so most actively traded shares. It remains to be seen whether this is just early bravado, but it should make it easier for investors themselves to make a turn when prices move.

However, this narrowing is not reflected in the variety of buying and selling prices quoted by market-makers on the Stock Exchange screens, where traditional differentials are being maintained.

The market successfully weathered an early test of its robustness when news came through of Sheikh Yamani's replacement by Mr Hisham Nazer, which was initially seen as destabilising for oil prices. However, Mr Nazer's subsequent statement, that he would like to boost oil prices to $18 a barrel, sent sentiment sharply in a more optimistic direction, with both oil prices and oil stocks rallying strongly, notably British Petroleum and Shell.

But what all this means for the wider UK equity market is anybody's guess. There has been modest upward pressure over the past week, with the FT-A All-Share closing last night at 807.27, against 783.44 a week ago. The market has been helped along by some excellent company results from ICI and Reed International; by the institutions starting to buy Trustee Savings Bank shares in strength; and by a fresh wave of takeover speculation.

The latter has focused particularly on Pilkington, the glass-maker, where a rumoured dawn raid by BTR never materialised; on Pearson, the conglomerate that owns the FT and in which Hutchison Whampoa of Hong Kong holds a significant stake; and on Sears, the retailing group, which is surrounded by rumours of a consortium bid.

London

Set against this, however, there was a timely reminder that takeovers can be a high risk strategy: BBA, the fast-growing and acquisitive friction materials group, saw its shares plunge after it announced a further 600 redundancies at a plant it acquired in January when it took over Automotive Products. Only six weeks ago it announced it was shedding 400 jobs at the same plant.

It blamed the rationalisation on a rapid decline in the UK automotive components market, which has also hit the shares of engineering groups like Lucas and GKN. Nevertheless, the news dented City confidence in Dr John White, the managing director who has taken BBA on the acquisition trail over the past two years, particularly since it followed a bullish statement on the group's prospects in August. Pre-tax profits forecasts for the year have been downgraded from around £34m to £22m—and from now on the group's appetite for acquisitions seems bound to be sharply reduced.

Reed International has undergone a major restructuring over the past two years which has shifted its centre of gravity away from its paper manufacturing interests and towards publishing, with a strong expansion into the US. But the market has been slow to take on board the born-again nature of the group. Last June it pleasantly surprised analysts with its preliminary figures and this week it did so again, producing interim pre-tax profits up from £51.1m to £80.2m, against expectations of a mere £65m to £70m.

Key factors behind the improvement were a sharp jump in profits from its European paper business, thanks to cheap raw materials and a reasonable market, while the consumer publishing division — products range from Woman's Own to Country Life — more than quadrupled profits on the back of staff and title rationalisation.

Analysts have rapidly upgraded their full year profits forecasts to around £180m, which could prove conservative, and with the shares on a prospective p/e of under 12 the rerating of Reed would seem to have some way to run.

ICI's strong third quarter performance — pre-tax profits of £256m against £182m for the same period of 1985 — was achieved despite serious difficulties in its large fertilisers business and raised expectations that it may once again reach full year profits of over £1bn, which it previously achieved in 1984. Analysts are looking for £1.3bn in 1987, which takes the prospective p/e down to single figures.

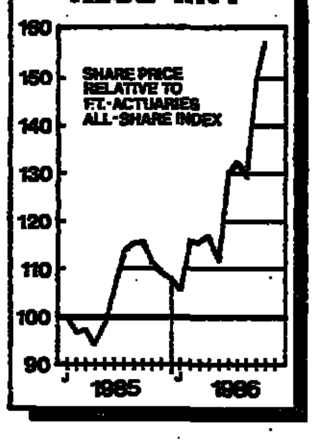
But despite this run of good news, the outlook for equities remains uncertain. And with the yield gap relative to Government stocks around the high for the year, it is fairly reactive to the gilts market's views on the current oil and currency conundrums.

While most analysts believe the gilt and equity markets look reasonably underpinned not too far below their present levels, opinions are divided about the potential for a rally between November and January, a traditional bull market period.

The outcome could be a period of volatility which heads nowhere in particular. And while that would be nice for the dealers at their new desks, it would not be particularly fruitful for investors.

Martin Dickson

Reed Int'l



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 high	1986 low	
FT Ordinary Index	1,285.4	+ 33.8	1,425.9	1,094.3	Confidence returns with Big Bang
AE	236	+ 17	250	139	Turner and Newall allowed to re-bid
Associated Newspapers	325	+ 30	358	218½	Talk of bid for Bristol Evening Post
BBA Group	124	− 19	284	118	Rationalisation proposals
British Land	175	+ 15	188	145	Broker's recommendation
BP	689	+ 43	703	518	Hopes of higher crude oil prices
Brown (N.)	835	+ 70	835	520	Mail order venture with Marks and S.
Burtonwood	753	+148	753	410	Property revaluation in progress
Casket (S.)	79	+ 19	79	37	Persistent speculative demand
Central TV	408	+ 43	408	212	Broker's circular
Courtaulds	304½	+ 19½	315	191	Broker upgrades profit forecast
Glaxo	945	+ 25	£11½	756	Nomura recommendation
Harrisons and Crosfield	449xd	+ 35½	455	327	Bid/stake building speculation
Helical Bar	386	+ 63	386	56	Interim figures due Thursday
Henderson Group	182	− 29	258	179	Disappointing interim results
McCorquodale	282	+ 19	286	140	Management buy-out intimated
Reed International	285	+ 44	292	163	Good interim figures
Scottish and Newcastle	220	+ 30	233	163	Ron Brierley takes stake
Sedgwick	374	+ 18	408	325	Citicorp bid speculation
Thorpac	190	+ 84	190	60	Chairman's retirement sparks specultn.

Sluggish start to new era

"THERE IS at least one consolation," said a disconsolate market-maker after the first shambolic week of deregulated trading in the City of London. "Things can only get better." Last week, while the City's computers lurched from crisis to crisis, what was happening on the USM?

The short answer is, not a lot. The pace of trading on the junior market was distinctly sluggish and the turnover in its shares relatively low. The Datastream USM Index flickered up and down each day, having begun the week at 135.16 and ending it a fraction higher.

One reason for the USM's inactivity was that the market-makers, like the system, "We were feeling our way through and tended to concentrate on the larger Alpha stocks," said Brian Kirkland, assistant director of UK equities at the Prudential, the USM's largest investor.

"We were also keen to try out all the new types of deals and to work with the new US market-makers. Firms like Merrill Lynch, Goldman Sachs and Salomon also tend to concentrate on the Alphas."

A second reason is that speculative investors were deterred by the imposition of more rigorous rules on stamp duty. Hitherto, speculators had been able to trade their shares within Stock Exchange accounting periods and thereby avoid paying stamp duty.

If the first week of deregulated trading had little practical impact on the USM, at least it illustrated the future pattern of dealings.

In the approach to the Big Bang, doom-mongers predicted that many of the smaller USM companies would find it difficult to persuade market-makers to deal in their shares after deregulation. When Monday dawned, every USM quoted company had at least two market-makers and the majority sported three.

Some of the larger, more active stocks attracted more market-makers. The Parkfield Group, one of the USM's "engineering yuppies," had five, while Applied Holographics had six.

Perhaps perversely, a profusion of market-makers indicated less the likely level of interest in many USM shares than the sectors to which the companies belonged. The television stations—Central, TV-am and Tyne Tees—all sported six market-makers by virtue of the activity in their sector. Similarly, the insurance broker, Derek Bryant, attracted seven.

USM

UNLISTED SECURITIES MARKET

A crop of new market-makers emerged at the beginning of the week. Most of the new recruits to the USM are drawn from the ranks of the stockbrokers which have been active in sponsorship to the market and have made a commitment to deal in the shares of their clients and a selection of other USM stocks.

"The appearance of so many new market-makers has been very encouraging," said Geoffrey Douglas, head of USM research at stockbroker Hoare Govett. "In the next few weeks we shall see just how active they intend to be."

In the first week, at least, the new market-makers were relatively inactive: partly because of the very real practical problems posed by the computer failures—few of the new houses have a presence on the Stock Exchange floor—and partly because much of their dealing was conducted in-house.

Most of the activity that did take place concentrated on a few USM stocks. The Blenheim Exhibition Group, a newly floated conference and exhibition organiser, took the plunge and opted to start dealings in its shares on Monday. The pattern of trading was fairly frenetic. Blenheim's shares opened at a premium to their placing price of 95p, rose to 145p only to end the first day at 117p, and have risen since.

The shares in Thorpac, a manufacturer of freezer packaging, were active on the news that the founders propose to sell their holding in the company. There was some criticism of the Stock Exchange, however, for not suspending the shares. Applied Holographics fared well, buoyed by the announcement of its imminent graduation to a full listing; as did the glass manufacturer, Thermax Holdings, on hopes of a takeover bid from Suter.

The week's trading ended on a maudlin note as the market mulled over rumours that the Stock Exchange was considering the removal of all gamma stocks from the SEAQ system in order to alleviate pressure on SEAQ, at least until after the British Gas flotation. The majority of publicly quoted companies, and almost all USM stocks, fall into the gamma category.

"Who knows what the Stock Exchange will do?" said David MacNamara, director of the USM at County Bisgood. "And who knows what will happen to the market next week?"

Alice Rawsthorn

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Berkeley Explin	45*	49	38	10.98	Bangor-Oil
Brownlee†	74*	70½	64	17.90	Meyer Intl
Burmatex†	339§§	240	240	16.78	Sirdar
Crests	143	140	100	8.31	Kennedy Brookes
Deborah Serv	154	144	78	12.47	Scott Greenham
Dialene	289*	285	260	11.01	Bunzl
Garnar Booth	191‡ §§	176	134	18.42	Strong & Fisher
Gilbert House	15*§	90	13	4.32	Letts Green Est
Grosvenor Group	125†§	135	120	7.79	BBA Group
Grosvenor Group	143‡	135	125	8.94	Hollis
Heath (C. E.)	575	546	480	152.49	PWS Hldgs
Henera	70*	68	57	8.04	Warner-Lambert
Imp Cont Gas	530*	569	518	753.13	Gulf Resources
LCP Hldgs	180†	184½	137	147.18	Ward White
McCorquodale	300§	279	258	145.97	Norton Opax
Monk (A.)	153*	152	119	16.54	Davy Corpn
Ocean Transport & Trading	225*§	241	217	257.53	IEP
Osceola Hydrocrb	16‡	14	11	4.14	Eglinton Oil
Prince of Wales Hotels†	89‡	87½	80	11.09	Goldsmith Grp
Prop Hldg & Inv	136	167	145	107.21	Greycoat Group
Prop Hldg & Inv	185	167	145	145.97	Wingate Prop Inv
Sandhurst Mkt	97‡	94	85	20.23	Tootal
Wedgwood	565	533	423	256.28	Waterford Glass

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 31/10/86. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
All Lon Prop	June	4,050	(3,347)	6.6	(5.4)	1.75	(1.4)
Amber Day	May	557	(364)	—	(—)	—	(—)
Authority Inv	Apr	154	(2,600)L	3.1	(—)	—	(—)
British Car	Aug	13,830	(10,140)	10.3	(8.8)	4.5	(3.25)
Burgess Prod	Aug	3,100	(1,879)	—	(—)	2.5	(2.0)
Fregmore Est	June	11,080	(10,165)	23.6	(15.0)	7.61	(6.85)
Klark-Teknik	July	907	(1,417)	3.9	(5.5)	1.1	(0.5)
Low, Wm	Sept	7,260	(6,259)	38.9	(39.1)	13.5	(12.0)
Munton Bros	June	111	(1,150)L	1.0	(—)	—	(—)
Piccadilly Radio	Sept	480	(494)	2.9	(2.7)	2.0	(2.0)
Polytechnic Elect	May	103	(1,190)	0.7	(7.6)	—	(3.77)
Nat Home Loans	June	2,800	(—)	3.5	(—)	1.83	(—)
Next	Aug	27,700	(20,072)	12.0	(8.7)	5.0	(3.75)
North Mid Cons	Aug	155	(65)L	3.9	(—)	—	(0.5)
Smart, J.	July	1,360	(1,275)	9.1	(7.9)	4.75	(4.35)
Wolseley	June	50,250	(31,490)	41.4	(32.0)	11.5	(8.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airflow Stream	Aug	503	(390)	0.25	(0.25)
A & M Group	July	322	(463)	—	(—)
ATA Selection	June	129	(276)	0.89	(1.5)
Atlas Conv Equip	June	569	(357)	—	(—)
Barlows	June	6L	(14)	—	(—)
Boot, Henry	June	740	(4,900)L	3.0	(1.0)
Bray Tech	June	550	(435)	1.1	(1.0)
Chepstow Race	June	25L	(1)	—	(—)
Castlefield Prop	June	3,870	(3,650)	5.0	(4.5)
Clarkson, H.	June	1,520	(1,206)	2.0	(2.0)
Clayton, Son & Co	June	108	(37)L	2.0	(1.5)
Coates Bros	June	6,770	(5,990)	1.7	(1.4)
Dean & Bowers	June	261	(202)	1.0	(—)
Ecobric	July	55	(75)L	—	(—)
Ellis & Goldstein	Aug	1,530	(1,340)	0.9	(0.8)
Epicure Hldgs	Aug†	415	(—)	—	(—)
Fleetex Agric	June	502	(423)	0.5	(0.5)
Fobel Intl	June	917	(315)L	—	(—)
FR Group	June	7,200	(5,950)	1.35	(1.25)
Globe Inv Tst	Sept	10,970	(9,510)	1.38	(1.33)
Harris Queensway	July	14,220	(12,922)	1.75	(1.4)
Hse Prop Co Lon	Sept	13	(4)L	—	(—)
ICI	Sept‡	256,000	(182,000)	—	(—)
Jltra Rubber	June	80	(101)	—	(—)
LEP Group	June	3,100	(3,980)	1.0	(0.75)
Lilley, F. J. C.	July	24,480L	(4,680)	—	(—)
Marks & Spencer	Sept	155,500	(137,600)	1.4	(1.25)
Miller, S.	June	80	(56)L	0.5	(0.5)
Photax	June	161L	(47)	—	(—)
Port & Sund News	Sept	788	(741)	1.1	(1.0)
Redland	Sept	55,600	(50,700)	4.33	(3.87)
Reed Intl	Sept	80,200	(51,100)	2.25	(1.83)
Smallbone	Aug	387	(127)	1.42	(—)
Southend Stad	June	64	(59)	—	(—)
Sumrie Clothes	Sept	25	(137)L	—	(—)
Tesco	Aug	65,400	(46,714)	2.55	(2.1)
Top Value Ind	June	290	(171)	—	(—)
Treforest Silk	June	4	(4)	—	(—)
Unit Tst & Cred	June	504	(301)	6.0	(—)
Upton, E.	Aug	37L	(41)L	—	(—)
UTC Trading	June	184	(116)	—	(—)
Waverley-Cam	June	—	(25)	—	(—)
Wilkinson & Rid	June	84L	(24)	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share, except where otherwise indicated. † Figures for eight months. ‡ Third quarter figures. L Loss.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Brake Brothers—Offer for sale 11m shares at 125p.
BSS—Vendor placing of 3.85m shares at 230p.

RIGHTS ISSUES

Cook, Wm.—To raise £10.25m through a six for five rights issue at 180p.
Ecobric—To raise £1.5m through a one for one rights issue at 15p.
FR Group—To raise £40.3m through a one for four rights issue at 265p.
Throgmorton Secured Growth Trust—To raise £8.1m through a 13 for 10 rights issue at 65p.

Food for thought at Associated

GUESSING the likely profits at **Associated British Foods**, which announces its interims on Monday, requires the skills of an investment trust analyst as much as a food specialist. With the added receipts of the Fine Fare sale in Gary Weston's coffers, the extent to which ABF's profits will be above or below last year's £62.4m depends heavily on the success of its treasury management.

The Australian subsidiary performed well in local currency terms, pushing up its profits 20 per cent, but after translation into sterling it should add only around £400,000 to parent profits. Milling and baking has not had an exciting first half and the trading contribution from Fine Fare will be limited to the first three months. Irish retailing results should have improved.

However, analysts will rather be poring over Weston's statement to see if the 70 per cent family owned company has acquisition plans, than gazing at the headline (best estimate £65m) profits figure.

Analysts have spent the past few months downgrading **Lucas Industries'** profits forecasts from the high £90m to the low. The full-year figures, due on Friday, cover the period before the rolling industrial action at Lucas Electrical. Despite the analysts' revisions, profits will be well above last year's £58m.

A large part of the increase (around £20m) will be due to the pension holiday and to interest savings from a rights issue. But both the aerospace division and overseas automotives are likely to report rising profits.

Forecasts have been downgraded because of weakness in the UK commercial vehicle division, hitting the Lucas subsidiary CAV, and because of worries about the effect of rising wage costs on margins.

The recent gyrations in the oil price mean that there are a wide range of forecasts for the **ROYAL DUTCH SHELL** group's third-quarter figures, to be announced on Thursday. Analysts have forecasts ranging from £600m to £800m for the historic net income, with the replacement costs figures likely to be £25m-£50m higher.

Shell has been in the news recently, with its declaration against apartheid and its axing of 700 jobs at the Cheshire oil refinery. This time, it will be glad to hit the headlines with sharply improved profits after a disappointing £439m in the third quarter last year. These included restructuring costs of £200m, relating to the cessation of activities on Curucao and £140m of adverse currency effects.

Results due next week

Oil price strength in August and September will have been the most significant factor but downstream margins, although not as good as in the second quarter, will be better than last year's.

OXFORD INSTRUMENTS GROUP, the electronic medical equipment company, is expected to top £9m pre-tax when it announces its interim results on Monday. That will represent a considerable advance on last year's £6.66m.

More than 50 per cent of Oxford's profits come from magnetic resonance imaging and there is some evidence that the slump in the US health care market is affecting demand for MRIs. However, the older lead time will mean that the effects of the slowdown should not show up in these figures.

Oxford is pinning its hopes on this month's trade fair in Chicago, where it will reveal two new magnets, the compact and the actively shielded.

Oxford's other divisions—Medical Systems, Analytical Instruments and Instruments—are all expected to show fast rates of growth but Plasma Technology, manufacturers of plasma etching and deposition equipment, bought in September for £9m, will not have made a contribution to these figures.

This is proving to be a hectic year for Coloroll, the wall coverings and home furnishings group. In the six months to September it has acquired Biltons, an earthenware manufacturer, and Alexander Drew, a furnishing fabric printer; succeeded in its long-fought battle to win control of Staffordshire Potteries, the ceramics company; and opened a £2m store in London's Regent Street.

The store opened only at the end of the period under review so it will be too early to see any contribution. The acquisitions, however, should be apparent in the figures — particularly Staffordshire Potteries, which made £1m pre-tax in its last full year.

Meanwhile, the group should also have been showing strong organic growth. Consumer spending is still very buoyant and much of it is being directed towards people's homes, while the expansion into the US should by now be having a significant impact on the figures.

The bulk of the improvement will not be apparent until the year end, but the interim figures should still see a more than respectable advance from £2.4m to around £3.2m on Wednesday.

The interim results of merchant banking group **HILL SAMUEL**, due on Thursday, are unlikely to take all the sting away from the Takeover Panel's censure in the AE affair. Even at the upper end of forecasts, £21.5m after-tax, profits would be advancing a mere 23 per cent—below the standard the bank has set in the 1980s.

Stockbroker Wood MacKenzie, now fully owned, might contribute up to £2.5m although this will be submerged within the wider merchant banking sphere. It remains to be seen how and when the costs of integration and preparation for Big Bang are to be taken.

Profits from investment management should creep ahead at least, with leakage from the UK institutional side being offset by the buoyancy of US acquisition IAI. Shipping services is expected to have done reasonably well, considering the choppy market.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS—				
Aronson Group	Wednesday	—	—	0.563
Berry Trust	Wednesday	—	1.05	—
Bridport-Gundry	Monday	1.45	3.56	1.65
Cooper, Frederick	Wednesday	0.55	0.55	—
Cramphorn	Wednesday	1.667	3.5	1.667
Dales Simpson Group	Thursday	1.5	4.25	1.75
Five Oaks Investments	Thursday	—	—	—
Keystone Investment Company	Wednesday	2.0	3.0	2.0
Lucas Industries	Friday	2.6	8.4	2.8
North Atlantic Securities	Tuesday	1.0	2.4	1.0
Towngrade Securities	Monday	0.4	0.6	1.1
UDO Holdings	Monday	0.41667	0.83333	0.5
INTERIM DIVIDENDS—				
Aberfoyle Holdings	Tuesday	—	—	
Ambit International	Wednesday	—	—	
Associated British Foods	Monday	1.9	4.2	
British-Borneo Petroleum Syndicate	Thursday	8.0	14.0	
Burtonwood Brewery	Thursday	2.5	8.3	
CASE Group	Friday	0.45	—	
Cater Allen Holdings	Friday	8.0	22.0	
Coloroll	Wednesday	2.0	3.0	
Fleming Far Eastern Investment Trust	Thursday	0.2	0.8	
German Smaller Companies Inv. Trust	Tuesday	—	1.1	
Gloves Group	Thursday	1.0	2.3	
Goldberg, A.	Friday	1.0	3.0	
Grampian Television	Thursday	0.43	1.57	
Grand Central Investment Holdings	Tuesday	—	—	
G.T. Management	Tuesday	—	—	
Health Care Services	Friday	—	0.75	
Helical Bar	Thursday	—	—	
Henderson Administration	Friday	3.0	9.5	
Hill Samuel	Thursday	3.6	9.6	
Hopkinsons Holdings	Tuesday	2.0	5.5	
Northern Securities Trust	Thursday	0.7	1.6	
Oxford Instrument	Monday	0.6	1.2	
Regalian Properties	Thursday	0.625	1.375	
Renold	Friday	0.7	1.3	
Royal Dutch Petroleum	Thursday†	—	—	
"Shell" Transport and Trading	Thursday†	—	—	
Shiloh	Wednesday	1.0	1.75	
Tysons (Contractors)	Monday	—	—	
WA Holdings	Monday	—	0.1	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Third-quarter figures.

Bullion sags as dollar recovers

OH DEAR! Is the shine at last going off gold—one of the few props of interest in the mining sharemarkets? This is a question that must have been in many minds this week as the bullion price—which was almost $440 an ounce three weeks ago—sagged to the $400 level.

Basically, the fall reflects the recovery in the value of the dollar, which thus buys that much more gold than it did before. However, the altered exchange rate also means that gold mines in other countries where the currencies have not moved up will be affected less adversely in terms of the domestic revenue they get for their output.

Of course, if the dollar price of gold is falling for other reasons, then all the mines will feel the draught. Fortunately—for the moment, at any rate—the shine has not gone off gold itself. This week, leading commodity brokers such as Shearson Lehman Brothers and Rudolf Wolff have commented that the fundamentals in the gold market remain intact.

Demand for the metal is still good, especially for gold coins such as the US Eagle, while central banks continue to add to their gold reserves. In the background, there remains a fair amount of uncertainty in world sharemarkets; and although there are more cheering economic thoughts in the US, the bogey of higher inflation has not been banished.

So, there are grounds for hoping that the fall in the gold price might prove to be no more than a corrective movement after its recent advance. Still, as Smith New Court has pointed out, it is possible that the price fall could be taken further. It appears to be a time for caution as far as gold shares are concerned, but not for depression.

Mining

The world's gold mines continue to turn in good results based on bullion prices below the present levels. Of the US producers, Battle Mountain Gold has lifted third-quarter earnings to $6.3m (£4.5m) to make a nine-month total of $18.2m against $11.4m a year ago. The company hopes to start production by the beginning of 1988 at its Australian mine, Pajingo in Queensland.

Then we have Newmont Gold announcing third-quarter net income of $12.5m to make $26.3m, or 26 cents a share, for the first nine months of this year against $10.5m. It has declared a quarterly dividend of five cents, the first return to holders who subscribed to the recent offering of 5 per cent of the capital by the big parent company, Newmont Mining, in which Consolidated Gold Fields has a 26 per cent stake.

Another recent float has been the Canadian Placer Development's Australian gold offshoot, Placer Pacific, which holds 70 per cent of Australia's largest gold producer, Kidston Gold Mines. The last-named has declared a third-quarter dividend of 10 cents to make 30 cents so far this year. A first dividend of five cents was declared last year, only six months after the Queensland mine reached full production.

Meanwhile, the search for new gold prospects in Australia continues apace. Elders Resources, the offshoot of Elders IXL, is to back the Mount Pleasant project near Kalgoorlie which has the potential of an annual output of up to 100,000 oz from ore reserves estimated at 3m tonnes grading 5.6 grammes gold per tonne. The major partners are Southern Resources and the little known Square Gold and Minerals.

Then, we have the established gold-producing **Australian Consolidated Minerals** linking with **Allstate Exploration** in a venture to resuscitate the underground gold mine at Beaconsfield in Tasmania. Old records indicate that the mine still holds 670,000 tonnes of ore with a high grade of 24 grammes gold per tonne.

The partners plan to finance the venture by setting up a new company, **Beaconsfield Gold Mining**. Shares of 50 cents (about 23p) in the newcomer are to be offered at part to ACM holders on the basis of one for every four ACM shares held, while holders of Allstate will be offered Beaconsfield on a one-for-two basis.

● A rebuttal for **Afro-West Mining**, the small Australian exploration company which announced last week that it had signed an exclusive agreement with the Government of Sierra Leone to secure the finance necessary to bring the Koidu Kimberlite diamond mining project there into production. This week, Sierra Leone denied it had signed any agreement with Afro-West. Only "very preliminary discussions" had been held with the company and other potential investors, said the government.

Kenneth Marston

Energy gets a boost

THE RESOURCE base of the Canadian economy is injecting a little sparkle into the otherwise lucklustre Toronto Stock Exchange.

The spurt in oil and gold prices since mid-summer, and hopes of further commodity price increases next year, has sent many investors scurrying for mining and energy shares. Higher pulp and paper prices have also spurred some interest in forest products companies.

While the industrial and consumer products indices have slipped by 8.1 per cent and 5.4 per cent respectively since the beginning of August, the average value of gold mining shares is one-fifth higher.

Noranda, the debt-burdened resources group which less than a year ago was one of the market's least favoured shares, has moved up from the past year's low of C$13.38 at the end of June to more than

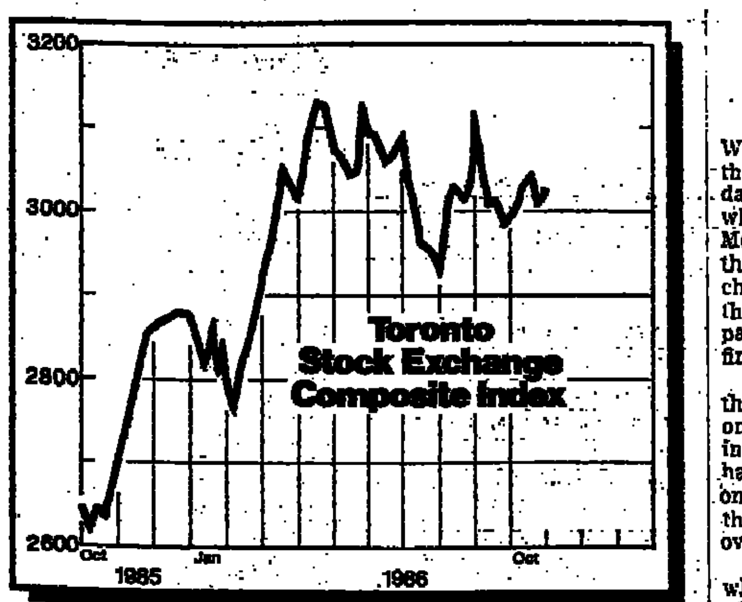
Toronto

C$20 this week. Even Dome Petroleum, the struggling Calgary oil and gas producer, has gained 15-20 cents in the past few months.

Besides the uptick in oil prices, energy producers have been cushioned by federal and provincial tax concessions, such as the C$1bn package unveiled this week by the Alberta government. Imperial Oil, Exxon's Canadian subsidiary, has bounced up from a low of C$34.75 earlier this year to C$45.

The equities investment manager of one large insurance group says that portfolio strategy is being refocused on "cyclical and inflation-oriented stocks." Similarly, the Ontario Municipal Employees Retirement System, Canada's biggest pension fund, expects commodity prices to strengthen as US interest rates and the American dollar drop further in 1987.

Not everyone shares this view, however. John Eartz, a portfolio manager at Bolton Thembay, a leading purveyor of mutual funds, disagrees with forecasts that inflation will soon rear tis head again, and contends that shares prices of mining companies have more than discounted future earnings.



BT's funds have continued buying consumer products and financial services shares.

The financial services sector is almost universally popular, although views differ on which individual shares are the best bargains. Falling interest rates, the slightly improved outlook for energy borrowers, strong growth in mortgage advances and rising insurance premium income are among the factors favouring banks, trust companies and insurers.

Terry Shaunessy, analyst at Merrill Lynch Canada, advises investors to buy National Bank (Canada's sixth largest bank), Royal Trust, Power Financial (a leading financial-services conglomerate) and Lonvest (the country's only multi-line insurer). But Shaunessy suggests that profits be taken on other bank shares, most of which have already posted substantial gains.

The revival of the resources sector has been one of the few bright spots since the TSE 300 index hit a record 3,129 last April 18. Many investors have burnt their fingers by rushing into a spate of new share issues.

According to a survey by Toronto's Financial Post newspaper, almost two-thirds of the 86 first-time share offerings made in the first nine months of 1986 are now trading below issue price. Several of the worst performers are the shares of securities dealers, who went public earlier this year.

Ironically, one of the least profitable investments has been the equity issued last February by a resources group, Denison Mines, the troubled uranium, coal, potash and oil producer. Denison sold 10m shares and 5m warrants in units of one share and half a warrant at C$11.50 each. The warrants entitled holders to buy shares at C$12 apiece. Denison non-voting shares were trading this week near their low point of C$5.13.

Bernard Simon

Goodyear under siege

WALL STREET traders rushed through their business on Tuesday morning in heavy trading which died off as the New York Mets, newly crowned victors of the World Series baseball championship, celebrated with the traditional ticker-tape parade through the city's financial area.

However, the flood of paper the Mets attracted was to be only a temporary distraction in a week when traders have had their eyes focused firmly on a different sort of player—the corporate raiders and takeover artists.

Tuesday was also the day when Beryl Sprinkel, chairman of President Reagan's council of economic advisers, said in Philadelphia that the US economy was showing signs of acceleration. Wall Street, however, was indifferent to the brighter outlook until the lower US trade deficit figures came out later in the week, coupled with the prospect of lower interest rates.

Traders were also largely indifferent to London's Big Bang which, they felt, had had no impact on prices and which was described by some as a "big whimper" as far as Wall Street was concerned. In contrast, the market was concentrating on the so-called story stocks throughout the week.

The undoubted star was Goodyear Tyre and Rubber, which kicked off on Monday by topping the most-active list with a rise of $4¼ to $48¼, with 12.8m shares traded. This activity was the main factor behind the 9.56 increase in the Dow Jones Industrial Average after a morning which had looked like developing into a classic "blue Monday" after the hectic trading of the previous week.

The surge in the Goodyear price was partly a response to its announcement on Friday that it was considering restructuring, but mainly reflected rumours that Sir James Goldsmith, the Anglo-French financier, had been accumulating the shares.

By the end of the week, it was clear that Sir James, together with Hanson Industries, the US arm of Hanson Trust of the UK, was poised to launch a takeover bid for Goodyear,

Wall Street

which has been damaged by its costly diversification into the US oil and gas industry.

It was believed in the market that Sir James's raiding group has more than 15 per cent of the shares in Goodyear which, following the rapid rise in its share price, has a market capitalisation of about $5.4bn. More than 25 per cent of its shares changed hands in the week on top of 20 per cent in the previous two weeks.

Yesterday morning, its shares were unchanged at $49¾, a level 25 per cent higher than two weeks ago.

Hanson Industries, which is headed by Sir Gordon White, was expected to be a "senior partner" in the Goodyear deal. If the partners do go ahead with a bid for Goodyear, it will take the heat off other companies rumoured to be Hanson targets.

One of these is American Brands, the tobacco and distilled drinks group which on Tuesday was one of the hottest issues around, jumping $4½ to $49½.

While Sir James and Sir Gordon have yet to admit publicly their plans, Irwin Jacobs and Ronald Perelman disclosed through the Securities and Exchange Commission their intentions with regard to Borg-Warner and Transworld, stocks of which were heavily traded throughout the week on takeover speculation.

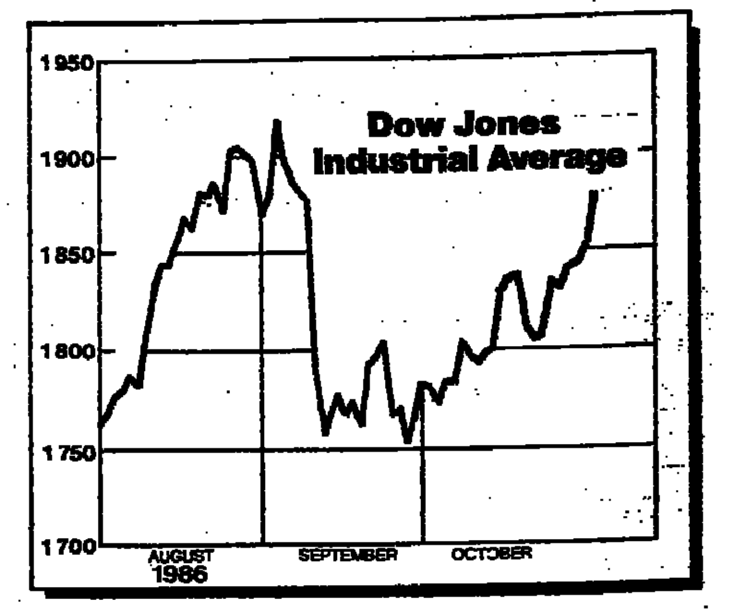
The rumour that Jacobs, the aggressive Minneapolis-based investor, was buying heavily into Borg-Warner surfaced on Tuesday. The diversified manufacturing and services group has previously been seen as an attractive proposition for Samuel Heyman of GAF.

On Thursday, Jacobs told the SEC that he and Minstar, his corporate vehicle, had acquired a 6.1 per cent stake as an investment but he intended to monitor closely developments at the company and might "consider taking control under certain circumstances."

At the same time, Perelman, the New York investor who took control last year of Revlon, the cosmetics group, disclosed a 14.8 per cent stake in Transworld, the hotels and restaurants group. He said he and a group of companies controlled by him had acquired the stake "as a step in attempting to obtain control."

In early trading yesterday, Borg-Warner shares were unchanged at $38⅛, and Transworld, also unchanged, were $41½.

By mid-week, some traders were worried that speculative



was continuing to drive the market higher, although three were few signs of underlying strength. There were so many rumours, said one trader, that it was getting hard to keep track of them all.

More takeovers and acquisitions are expected this month ahead of the US tax reforms, signed by President Reagan recently, which come into effect at the beginning of next year. In order to take advantage of tax benefits under the current law, corporations must have their restructuring or acquisition transactions completed by December 31.

Among the rumour-driven issues on Wednesday was E. F. Hutton, shares of which jumped by $4¾ to $52 in active trading on growing speculation that Shearson Lehman Brothers, a unit of American Express, was still interested in acquiring it.

However, the market was pleased to see a significant increase in institutional demand for blue chip stocks, including food, retailing and airline issues, as volume jumped to 164.4m shares from Tuesday's 145.9m.

The rally continued on Thursday, with oil stocks playing a big part. Among the advances were Mobil, up $1⅞ to $37⅞, Standard Oil, up $2¼ to $47⅞, Amoco, up $2⅜ to $65, and Chevron, up $2⅜ to $43⅜. The Dow Jones Average surged 26.57 and the volume of 194m shares traded was the highest since March 21 — except for September 11 and 12 when the market fell precipitously, trading 240m shares on the two consecutive days.

MONDAY	1,841.82	+ 9.56
TUESDAY	1,845.47	+ 3.65
WEDNESDAY	1,851.80	+ 6.33
THURSDAY	1,878.37	+26.57

David Blackwell

Metal settlements disappoint speculation

THE CONCLUSION this week of the last of the US aluminium industry disputes marks the end of the latest round of triennial renegotiation of American metal workers' labour contracts. And a disappointing one it has proved from the point of view of the market speculator.

With the world economy stubbornly refusing to show more than very modest growth there has been little point in looking to the demand side of the world metals market for bullish news. So, the burden of speculators' hopes has rested on the supply side and, more particularly, on the prospect of protracted output disruptions as employers struggled with their workforces to achieve the cost cuts they needed to remain viable against a background of historically low prices.

These hopes received their first disappointment in the summer when US copper industry workers showed little more than token resistance to demands from the companies for substantial wage cuts and the downgrading of costly agreements on working conditions.

With employees showing more concern about potential job losses than reduced earnings, the copper pay round was over by the end of July, with no production stoppages worth mentioning: and, a little while later, the London Metal Exchange copper price dipped to a four-year low of £862.25 a tonne. The price has recovered by about £60 since then, but the strengthening of the dollar against sterling accounts for all but £6 of that rise.

The US aluminimum industry wage round began much more promisingly for the bullish speculator. On June 1, about 15,000 Alcoa workers downed tools and were followed in the coming months by emplyees at Alcan, Ormet, Alumax, Comalco and Noranda. In June and July, between 80,000 and 90,000 tonnes of production was lost —

Commodities

equivalent to more that 2 per cent of annual US output.

This contributed to a reduction in non-communist world primary aluminium stocks from 2.19m tonnes at the beginning of the year to 1.86m tonnes at the end of July, according to International Primary Aluminium Institute statistics. On the LME, prices responded with a £70 rise in the cash position to a 16-month high of £859 a tonne.

Nearly £50 of that rise has been wiped out over the past month, however, as the strikes have gradually petered out. And with this week's settlement at Alcan's Sebree smelter in Kentucky concluding the formalities for another three years, the market will be focusing more attention on the global situation and, in particular, on the lower cost producers of South America and Oceania which are continuing to erode North America's dominance of the world aluminum market.

Labour relations have also been the prime influence in the lead and zinc markets this year but, in this case, the centre of attention has been Australia's Broken Hill mines where employers are seeking pay cuts and an extended shift system as part oc a cost-cuting survival plan.

The Australian miners were not inclined to take this lying down and embarked on an eight-week strike, which was suspended under a temporary settlement in mid-September but is still not finally resolved.

For lead, the impact of the production losses at Broken Hill has been instrumental in raising the LME price of the metal above the £300 mark, where many brokers think it should have been all along. For zinc, it lent extra strength to what was already a moderately buoyant market.

Probably the most uncertain market is copper. Anthony Hodges of Rudolf Wolff, an LME broker, points out that there could still be substantial copper output losses resulting from producers abandoning loss-making operations, of which there are many throughout the world.

With stocks at an eight-year low, "producers seem to have the upper hand in price negotiations," he says, although he concedes that "no big resurgence in demand for copper is likely in the fourth quarter (of 1986)."

"Lead is in better shape than zinc," Hodges believes. Supplies are short and producers are running on low stocks, having adopted a delayed purchasing policy while the price was on the slide. He sees it as "a very constructive market," adding: "I think there is more to come in lead."

More important than the factors affecting individual metals, however, is the uncertainty about world economic prospects. Having waited in vain for some response to the dollar and oil price slides, many metals traders have come to the conclusion that the promised industrial boom was no more than a mirage on the horizon.

"But there is a contrary view," says Hodges, "and it is gaining wider acceptance in the markets. Many traders now think that the boom is coming, after all."

This might be only wishful thinking: but if they are right, the fluctuations of the past few months could take on the appearance of insignificant undulations at the foot of the price mountain which producers have been praying is not too far off.

Richard Mooney

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.50	7.71	5.97	4.43	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.65	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-10,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.43	7.57	5.86	4.26	half yearly	1	2,500 minimum	0
Schroder Wagg	6.91	7.13	5.52	4.02	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.62	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	10.64	8.35	7.09	5.90	half yearly	4	—	0
10pc Treasury 1990	11.24	8.27	6.63	5.09	half yearly	4	—	0
10.25pc Exchequer 1995	11.10	8.04	6.35	4.77	half yearly	4	—	0
3pc Treasury 1987	8.43	7.54	7.05	6.58	half yearly	4	—	0
3pc Treasury 1989	8.48	7.53	7.01	6.53	half yearly	4	—	0
Index-linked 1990¶	8.16	7.50	7.14	6.80	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

IN THE NEWS

Investors' gold card

A GOLD dealing card providing private investors with a cheap commission rate for share trading has been introduced this week by Charles Stanley & Co, a London stockbroker which specialises in private client business.

Holders of the card will be able to deal—by telephone, using a special individual number—on a flat brokerage rate of 1 per cent of the value of the transaction, with a minimum charge of £10. In addition at no extra charge card-holders will be entitled to three current actual dealing quotations on any UK stock plus the latest 30-share index, FTSE 100 index, sterling/dollar rate, and written research briefs on up to three companies from the top 500 UK stocks.

However, they will not be entitled to the full advisory service, which costs a basic 1.5 per cent commission on equity deals.

In fact, the gold card is primarily an entry into the company's dealing room. No advice or opinions will be given and you have to remain within a specified credit limit, agreed beforehand. You also face paying punitive interest rates, similar to those on other charge and credit cards, on overdue accounts.

Charles Stanley estimates that with the gold card, and the halving in stamp duty, the cost of buying £1,000 shares has been cut to £16.50 compared with £28.98 before the Big Bang.

●

HAS THE decline in the dollar ended? And will the wide-ranging tax reform act, signed recently by President Reagan, boost earnings by American companies?

Abbey believes the answer to both questions is yes and, accordingly, launched an American Income Trust this week. David Glasgow, managing director of Abbey Unit Trusts, says it expects the changes in the US tax structure to encourage American companies to adopt a more generous dividend policy. He also believes the scope for further weakness in the value of the dollar to be limited.

At the same time, the reduction in UK corporation tax from 52 to 35 per cent reduces the rate British investors have to pay on income from unit trusts invested overseas.

The Abbey American Income Unit Trust will concentrate its investments at first in equities and convertibles but might later go into fixed interest securities to maintain income or to protect income and capital if the outlook for company profits becomes uncertain. The initial yield is estimated at around 5.2 per cent gross.

Units are being offered at 50p and there is a starting (front load) charge of 5 per cent. But since this does not include any rounding adjustment, initial investors will receive an effective bonus since an adjustment of up to 1 per cent will be made in subsequent valuations. Minimum investment is only £500.

●

EAGLE STAR is celebrating the first anniversary of its "rainbow" single premium unit linked investment bond with a bonus of 1 per cent extra units on investments of £2,000 and above. The offer is open until the end of the year. More than £75m has been attracted to the bond, which uses the colours of the rainbow to highlight the different risks involved in choosing the underlying seven unit trusts or four managed funds.

●

WARDLEY is relaunching its Far East and General unit trust under the name of Pacific Performance Trust. It is a change of name only with the same investment policy of going into all the Far Eastern markets—a policy that has worked well recently enabling the fund to hold up in spite of the drop in the Japanese market. To mark the change of name new investors are being offered a discount of 1 per cent during an initial offer period until November 7.

●

GENERAL Portfolio Life Insurance has raised the annual interest rate payable on its one to four year guaranteed income and growth bonds to 9.1 per cent. Minimum investment is £1,000.

At the same time the company has increased the return from its variable rate maximum income account to 10.5 per cent net (equivalent to 14.8 per cent gross for a standard rate tax payer). However to achieve the maximum return you have to keep your money tied up for three years. Earlier withdrawal might mean up to 10 per cent of the amount withdrawn being deducted.

PRETTY GIRLS, smooth talking men and lots of games to play, while hungry eyes devour your wallet. The modern world of financial services is on display in all its glory at the Money 86 at Olympia in London which opened on Thursday and continues until 5 pm on Sunday afternoon.

Norman Lamont, Financial Secretary to the Treasury, performing the official opening, gave Government blessing to the whole enterprise. It is all part of the plan to encourage the spread of "popular capitalism," he said, echoing the "very warm welcome" to the show given by the Prime Minister, Mrs Thatcher, in an introduction to the official show guide.

Who says investing money is a serious business? At Money 86 as you toil your way round the bewildering array of stands, you can play roulette, blackjack, have your fortune told, your shoes polished and enter all kinds of games and competitions offering exotic prizes—a trip on Concorde, a weekend for two in Paris: champagne and wads of money (usually in the form of unit trusts) are all yours for the asking providing you give one precious asset . . . your name and address, to help fill those voracious computerised mailing lists.

You can learn about everything from buying life assurance to investing in fine wines or gambling on the futures markets. But pervading all else is the scent of money making with the "soft" sell of the seminars contrasting with the "hard" sell from the stands as a web is spun round unwary visitors.

Savers scoop up higher returns

EVERY cloud has a silver lining. While borrowers with overdrafts and mortgages are suffering from the recent rise in the banks' base rate from 10 to 11 per cent, savers are benefiting from higher returns.

The Government-controlled National Savings has been quick to jump on the bandwagon. This week it raised the variable interest rate on its Income and Deposits Bonds by 1 per cent to 12.25 per cent gross, an increase of 0.71 per cent for standard rate taxpayers, slightly less than the 0.75 net increases announced by the major building societies.

However, the guaranteed tax-free rate of return on National Savings Certificates is being raised by a full 1 per cent to 8.75 per cent over a five-year period. The existing 31st issue launched in September 1985 is finally being withdrawn from sale on November 11.

It will be replaced by the 32nd issue, paying the higher interest rate, but the maximum holding has been cut back again to £5,000. It was only on September 1 that the maximum holding of the 31st certificate issue was doubled to £10,000. The tax-free general extension rate, applying to many earlier issues of Savings Certificates, has gone up from 8.01 to 8.70 per cent.

Interest rates paid by the building societies vary considerably according to the amount of money deposited and the length of time before it can be withdrawn. Some of the smaller societies are now offering top rates around 10 per cent net, for large sums held on deposit for at least a year, while the standard rate for ordinary share accounts, with instant access, is generally about 6 per cent net.

On the mortgage side, two main building society home loan rates have emerged. The majority have followed the lead of the Halifax and raised their mortgage rate by 1.25 to 12.25 per cent. But the Abbey National, Alliance & Leicester, Anglia have gone up by 1.375 to 12.375 per cent, while Leeds Permanent has put its rate at 12.35.

Among the banks, Barclays finally decided to move its mortgage rate to 12.25 per cent—the same level as NatWest (which calculates its interest rate in a different way like the building societies on an annual basis) but below Lloyds at 12.30 and Midland at 12.50. TSB increased its rate for endowment mortgages to 12.25 but has retained its unusual policy of charging more for repayment mortgages, where the rate goes up to 12.75. However, the repayment mortgage does include free life assurance for up to £50,000.

Two of the most competitive mortgage lenders, Mortgage Corporation and Household Mortgage Corporation, have both moved up to 11.90 per cent. Mortgage Corporation was previously charging 10.75 per cent and the Household Mortgage Corporation 10.65 per cent.

The cheapest new rate to be announced is by the United Bank of Kuwait at 11.75 per cent. Its mortgage rate, linked with Libor (London Interbank Offered Rate), fixed at the beginning of October for three months, is even more competitive at 11.625 per cent.

John Edwards

ADAM AND COMPANY, the private Edinburgh-based bank, points out that its current account does offer all the normal banking facilities including cheque guarantee, credit and charge cards, as well as loan and overdrafts—not as suggested in the table of high interest *cheque accounts published* in the October 11 issue of Weekend FT.

Investment trusts take off

INVESTMENT trusts which first appeared *over a century* ago were the first form of pooled equity investment. Yet, in recent years, their use by the public as an equity investment vehicle has been poor in comparison with the high-pressure marketing of unit trusts. This has arisen from two basic *reasons*.

First, investment trusts are Stock Exchange securities and as such cannot be promoted. In addition, until Big Bang, investors wishing to buy and sell shares in investment trusts had to use a stockbroker and pay the minimum commission.

Secondly, investment trusts acquired a poor reputation in the early 1970s when discounts—the difference between the share price and the underlying asset values—dropped to 30 or 40 per cent. Unit trusts prices operate on asset values.

However, Big Bang is making it easier to market equities and two major institutions—Hill Samuel and Touche Remnant—are making use of this freedom by launching new-style schemes for investing in investment trusts aimed at the private investor with medium-sized funds.

Both schemes offer a personalised investment trust portfolio to clients with a minimum investment of £20,000. But thereafter approaches by the two groups differ.

Touche Remnant Financial Management will ascertain from each client their investment requirements and then recommend a portfolio of investment trusts to meet those requirements.

The portfolio will be constantly reviewed, with quarterly valuations, and changes made in line with market conditions. In particular, at the end of the financial year the portfolio would be reviewed and changes made, if necessary, to minimise the Capital Gains Tax liability base.

Touche Remnant itself is a major investment manager of investment trusts so there is a conflict of interest situation. TR Financial Management will limit investment in trusts managed by TR to 30 per cent of funds unless it has specific instructions in writing from the client to exceed this limit.

The charges are a £100 setting-up fee and a 1 per cent per annum management fee paid quarterly in arrears. There are no other front-end loading charges.

The investment trust management service launched by Wood Mackenzie Private Client Services, part of Hill Samuel Investment Services Group, has adopted a different approach. Clients will be offered two portfolios—the Growth Portfolio and the Income Portfolio and WM is not confining itself solely to investment trusts.

It will be using unit trusts to fill in gaps in the investment coverage provided by investment trusts. Up to 15 per *cent of the growth portfolio* will be invested in unit trusts to provide European investment, while 50 per cent of the income portfolio will be invested in unit trusts to ensure a rising income.

Wood Mackenzie has an excellent record in investment *trust research, consistently* topping the Extel awards for this section. However, it is charging an initial 5 per cent and 0.3 per cent annual administration charge for the service.

Portfolios will be reviewed regularly and changes made as necessary, particularly to mini*mise the CGT impact*. However, WM emphasises that it will not be churning (overtrading) the portfolio—its area of potential conflict.

Given the past history of investment trusts, why do both groups feel that the public is ready to appreciate the merits *of investment trusts*. The reasons from both groups are synonymous:

- Investment trusts have in-built investment advantages over unit trusts in discount, the gearing and the bid and takeover potential.
- Investment trusts are closed-*end funds, with no money* coming into or going out of the fund. This gives the investment manager stability in his investment strategy. Unitised funds have found it much more difficult to achieve performance when there is a cash outflow.
- Investment managers of investment trusts have become highly professional since the troubles of the 1970s and the funds have become much more specialised, concentrating on overseas investment.

Eric Short

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Pru keeps its nose in front

The Great Investment Race

Alice Rawsthorn reports on the latest in the battle for managerial supremacy

IN THE past few weeks, the Great Investment Race has run through volatile stock markets in most of the major financial centres, and the computer crisis which marred Big Bang in London. Prudential Portfolio Managers is still in the lead with Fidelity, the unit trust group, chasing close behind.

The Race began a month ago. Six teams of fund managers will manage investment portfolios of £35,000 — donated by Prudential Unit Trust Managers — for a year in order to see which can earn the most money for charity. The money will be donated to charity by the Race's organisers, Charity Projects.

Given all the uncertainty surrounding the London stock market, much of the investment activity of recent weeks has centred on the Japanese markets. Bell Lawrie, the Edinburgh stockbroker, has, like most of the teams concentrating on the London market, retained a fairly stable portfolio.

"We took a conscious decision to adopt a low profile in the approach to the Big Bang because we felt the marketplace would be rather artificial," says Derek McIntosh, Bell Lawrie's managing director.

Bell Lawrie sold its Trustee Savings Bank shares at the top opening price of 97p. Otherwise, it has clung to its established portfolio of Pacific Assets Trust, a Far Eastern investment trust; gilts; and shares in Boots, where it is still waiting for a bid to materialise. Bell Lawrie holds £4,712 in cash which brings the value of its portfolio just above the original £35,000 at £35,331.

"Now that the smoke is clearing after the Big Bang," says McIntosh, "we expect to invest more actively again—providing the computers work, of course."

Fidelity has swept past Nomura into second place, having fared well with opportunistic trading in Japanese equities. Its portfolio is now valued at £41,606 and is divided between the blue chip Sumitomo Electric and the new issue Kamei. The rest of the portfolio, around £4,960, is held in cash.

"As a house we tend to concentrate on overseas investment," says Anthony Bolton, Fidelity's investment director. "Our view is that the London market is unlikely to move a great deal in the next year. The Japanese market, by contrast, has recently come back. For the Race, we will be looking for one-off trading opportunities. Just now most of those are in Japan."

Hoare Govett, the London stockbroker, is still trailing behind, having failed to recover fully from its blunder over the Bunzl rights issue. Hoare Govett is now playing safe by keeping the bulk, £24,181, of its portfolio in cash. The rest, just over £5,000, is divided between Premier Consolidated Oil, gilts, and Boots traded options where it, like Bell Lawrie, has high hopes of a takeover bid.

The second London broker in the Race, L. Messel, has established the most eclectic portfolio, with £19,328 divided between an Italian new issue, Assitalia, National Westminster Bank warrants, and C. E. Heath the insurance broker which faces a takeover bid from PWS, the Lloyds broker. The rest of the portfolio is held in cash.

Messel is also determined to adopt an opportunistic approach to the Race. For the past few weeks, it has dabbled in the yen futures market with its cash.

"We have been less active than usual in the past fortnight," says David Hunter, Messel's managing director. "The London markets, in particular, have been very confused. But as soon as the market has recovered after the Big Bang we expect to step up activity again."

Nomura Securities has stuck firmly to the familiar territory of the Tokyo stock market. Nonetheless it, like the British teams, has been wary about the market's volatility in recent weeks.

"The markets have been very erratic so we moved a considerable amount of money into yen deposit account," says Kenichi Fukuhara, executive director of Nomura in London. "In the short term, at least, our strategy will be to invest the money whenever a suitable opportunity arises and to move back into cas hence we have taken our profit."

Nomura held its money in a yen deposit account for three weeks. In that time, the yen appreciated against stering 10 per cent. Nomura now expects the Bank of Japan to announce a cut in the discount rate and has returned to equities. It has invested in Tokyo Gas, which is very representative.

"This is an expensive stock of the market," says Fukuhara. "We expect to make a short term profit and will then transfer the portfolio into cash until the next opportunity comes along."

The Prudential Portfolio Managers is still in the lead although its fortunes faltered when it lost £3,412 on the futures market two weeks ago, having been taken unawares by the increase in interest rates. After a few successful trades, the Pru has more than made up for the loss.

Like most of the other teams, the Pru has been fairly inactive in the days immediately before and after the Big Bang. It has stuck to a portfolio of UK equities, composed of Walter Runciman, the shipping and insurance agent; Attwoods, the waste disposal group, and BET Group, the industrial holding company.

"We did not expect the Big Bang to generate any special opportunities," says Trevor Pullen, director of UK equities. "But lots of opportunities should appear now it is over, whether the technology works or not. In many ways, there may be even more opportunities if it does not."

Payroll scheme alarms charities

BOB GELDOF'S glamour may be lacking. But if one employee in ten takes advantage of the new tax-efficient payroll giving scheme, the coffers of Britain's charities will swell by £100m next year — twice the sum Band Aid raised.

Small wonder, then, that draft regulations for the new scheme — published by Inland Revenue last Tuesday — have been eagerly awaited. Yet the small print has done little to dispel charities' fears over the costs of administering the new scheme — nor solve the problem of existing payroll givers.

Nigel Lawson

In principle, charities universally welcome the new tax breaks, first announced in the Budget and due to become effective in April next year. After that date, any employee can have up to £100 a year deducted from his gross wages and paid direct to any charity/charities selected. Because the payment is made from untaxed pay, a £100 donation effectively costs a standard-rate taxpayer £71.

To administer the scheme, Inland Revenue will approve a new class of "agency charities." Employers — on behalf of their workers—will contract to send contributions to the agency, which acts as a "clearing house," distributing donations as specified.

Fine—except that there are currently 154,000 charities to pick from. While the draft regulations allow agencies to restrict the number of charities a single employee can ask to split his donation between, they cannot limit these beneficiaries to specific, named organisations. Moreover, the onus of checking that any requested beneficiary is legitimate will *rest with the agency.*

Other details which emerged last week do nothing to ease the burden. They state, for example, that an approved agency must give employees a "certificate" of the sums paid over to his specified charities if he requests it

The new rules also give employers whose workforce is *raising less than £100 a month* a 90-day respite before the money need be sent on to the agency. That has already attracted sharp criticism. Says Save the Children Fund: "In many companies, the number of employees is below 100 and they will almost certainly fall into this category. It will mean that employers can sit on the money given to charity for three months."

The charities have other quibbles—more about what the *rules fail to specify rather than* what they do spell out. Although time limits are set for employers passing contributions to the agencies, why is there no mention of time limits between agencies and charities? Why, although each agency is accountable to Inland Revenue, is there no requirement that they must open their books to benefiting charities? And why is there currently no restriction placed on an agency's management charges?

Best placed at present to take on the agency role is the Charities Aid Foundation — itself a charity and currently collecting and distributing around £30m. Even a trebling of its throughput would be administratively possible, says payroll project director David Wickert. It has already arranged extra computer facilities with Ravensbourne, better known as the company registrars.

"Generally speaking, we are happy with the rules," says David Wickert. He plans two types of service — one where each employee at a specific company selects up to eight charities which he would like to benefit, and one where the employees decided together who they want their money to go to. The latter, administratively simpler, might suit smaller companies where the total sum donated is relatively modest.

But the CAF scheme inevitably carries a price. Mr Wickert estimates that around 5 to 8 per cent of the money donated may get eaten up in administrative charges, though interest earned might offset part of that. For comparison on general donations many charities aim to keep administration expenses down to 2 per cent.

One possible solution would be consortia agencies each representing a number of large charities. Already a number of groups are talking — a selection of children's charities, international relief agencies and a mixed group. But as yet nothing firm has emerged.

But perhaps the biggest headache comes for charities, like Barnados and Save the Children Fund, which already derive substantial income from payroll giving. Barnados, which has run payroll schemes without any tax breaks since 1905, collects around £2m a year this way — out of total revenues of £20m, and non-legacy income of £10m.

Much of the money comes in small amounts — 10p-15p a week — yet the CAF scheme is likely to specify minimum donations of 25p a week again for administrative reasons. Save the Children is in a similar position —raising around £400,000 via the same route.

Both charities hope they can retain these arrangements. But at present, it is by no means clear whether the very small givers will be offered an agency *scheme which provide the tax* breaks.

A CAF-style group plan might make this possible. These are early days but why should someone who can afford £100 a year for charity be subsidised yet someone who can only manage £13 be excluded?

Nikki Tait

Banks launch PEPs

BARCLAYS and National Westminster banks this week stole a march on their competitors and unveiled details and costs of how they will operate Personal Equity Plans (PEP)—the Government inspired scheme to encourage share ownership with special tax incentives announced in this year's Budget.

So far, several companies have announced their intentions of launching PEP schemes (which start operating from January 2) but have not filled in the details. Barclays was first to do so. From Thursday application forms for its PEP plan were made available from all the bank's branches in the UK and a special discount for applications made before December 10 will reduce the management fee payable in the first year by £10. However, the cost varies according to the amount of money you contribute, up to the maximum of £2,400 a year (or £200 a month).

Customers wishing to contribute between £20 and £35 are not given a lot of choice. Taking advantage of the Government concession that up to a quarter —or £480—of PEP savings can be put into unit or investments, Barclays simply proposes that all the money will go into Barclays Unicorn General Trust and normal unit trust charges *will apply.*

Contributions above £35 monthly (£480 a year) will be channelled into an investment service comprising leading UK shares, investment trusts and unit trusts. For investments of up to £1,200 a year (£100 a month) Barclays will charge a management fee of £25 in the first year of the PEP called the Current Plan. The fee will be £40 for investments above £1,200 to the maximum of £2,400. An administration charge of £4 per investment held will also be charged, up to a maximum of £16 for each year, so the most you will pay will be £56. But if you apply before December 10 the cost is reduced by £10.

After the end of the first year of PEP on December 31, 1987, you will have to retain your investments for at least another 12 months to receive the tax benefits. If you withdraw during 1987 you forfeit the tax concessions.

So under the Barclays scheme at the end of the current plan all the investments, interest payments and dividends are transferred to a holding plan for 1987 and to a mature plan in 1988. The bank's annual management fees for these years will be reduced to £15 for investments below £1,200 and £25 for higher amounts, plus the £4 administration charge per investment.

Gavin Oldham, chief executive of Barclayshare, said that the charges had been "pitched at levels which will not swallow up the tax benefits." But this *needs some qualification. The* concessions available are that you pay neither capital gains tax nor income tax on dividends or interest, on PEP investments providing you retain them in the scheme for the required minimum period (up to the end of 1988).

Most small- or even medium-sized investors will not benefit much from the capital gains tax concession since you can already make a profit of up to £6,300 a year before becoming liable.

On the income side, assuming an average yield on equities of 5 per cent (£110 on an investment of £2,400) the saving for a standard rate taxpayer would be less than £40 compared with the bank's potential charge of £56.

Mr Oldham argues this is not a fair comparison. He says you should take into account the cost of making an alternative investment of the same sum, but without the PEP tax benefit.

NatWest is holding back application forms and brochures until after the Inland Revenue publishes the final regulations next month.

It is offering three plans. Like Barclays, contributions between £20 to £35 a month (or £480 a year) will go straight into one of the group's in-house unit trusts—the County Income and Growth Trust—with the normal unit trust charges.

Above that level you will have two choices. The Managed Plan which will invest your money in a range of three top quality UK companies, selected by the bank's investment experts. There will be a half-yearly management fee of 1 per cent of the value of the portfolio, and you will pay share trans*action charges including com*mission at lower rates than normally available to the small investor.

Alternatively, under the NatWest Shareplan you will be able to select your own shares from the group's list of the top 30 UK companies. You will be able to choose shares outside this list, even including Unlisted Securities Market shares, at an additional cost of £10 per transaction. Otherwise Shareplan involves an initial setting up charge of £25 plus an annual holding fee of £10. In addition there will be the normal share transaction charges.

Next week several other companies plan to unveil their PEP schemes so it is worth waiting to see the choice available, and the differing charges, before making a final decision that could keep your savings tied up for anything up to two years if you go into a PEP plan immediately they become available.

John Edwards

Continuing the series on British Gas, **Richard Tomkins** looks at the Pathfinder prospectus

Learning the TSB lesson

THE PATHFINDER prospectus published by British Gas yesterday leaves a number of questions unanswered. Chief among them is that it gives nothing away about the price which is going to be put on the issue. So it is still not possible to judge whether it is going to be in the bargain basement category or not.

For many investors, another important question will remain, however cheap the price: whether there is any point in applying for shares at all given the 50 per cent rejection rate in the TSB flotation last month.

A good deal of indignation was created by the TSB issue. The 2m unsuccessful applicants were understandably annoyed at having been so strongly urged to apply for shares through an intensive advertising campaign in the run-up to the flotation, only to be turned away empty-handed.

The TSB maintained that it never wanted to turn shareholders away. The problem was that although it used all six of Britain's major receiving banks to deal with the flood of applications, it was beyond their capacity to deal with the logistics of sending out allocations of shares to more than about 3m people within a reasonable amount of time. With 5m applying for shares and over 1m of them having been promised an allocation in advance, the TSB therefore had no choice but to reject nearly 2m of the rest.

For would-be investors in British Gas, this poses an obvious question. If 3m shareholders is as many as the combined forces of Britain's receiving banks can handle, surely the far greater demand likely to emerge for British Gas will leave even more people disappointed?

Not so, according to N. M. Rothschild, the merchant bank which is one of the advisers to the issue: it says that National Westminster Bank, the lead receiving bank to the issue, has set up a system of unprecedented sophistication to deal with applications.

With the benefit of hindsight it can be seen that the TSB was not adequately prepared for the response to its offer. Its long-stated aim had been to attract 1m shareholders, so given that a large number were always

likely to sell in the marketplace for short-term gains, it would probably have felt comfortable with about 2m applicants.

On that basis, it had no reason to suppose that it would have any more difficulty in dealing with the response than did British Telecom, which attracted 2.4m applicants to its much bigger flotation in November 1984 and gave shares to nearly all of them. Not foreseeing that the issue would be such a runaway success, it therefore stuck to the traditional system of dealing with applications.

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This system is frankly archaic and ill-suited to handling flotations of the size which gave become almost commonplace since the Government's privatisation programme began.

It involves a vast paper-shifting exercise in which application forms received are sorted according to the number of shares applied for, tied into bundles of 50, counted, and piled up in storerooms.

Once the allocation is announced, the most laborious task of all begins when letters have to be sent out to all the successful applicants telling them how many shares they have been allotted and cheques have to be made out for any refund due. This has to be done as swiftly as possible, because every day that passes is a day in which the company concerned is sitting on other people's money.

Ballotting under the existing system is simple enough, but crude. The TSB itself, for example, caused a good deal of acrimony through the method it employed. Since it was ballotting out exactly 50 per cent of the public applicants, it simply threw out half the bundles of applications and gaveshares to all the applicants left, thus tending to eliminate whole families who had submitted their applications together.

In the British Gas flotation, things will be different. The sponsors are moving away from quill pen technology and into the age of the computer.

Everyone who expresses an interest in the issue, either by telephoning the share information office, by filling in a coupon cut from a newspaper, or replying to the letters sent out to all customers, is having their name and address logged on to a computer together with a personal reference number.

When the full prospectus comes out in about three wekes' time, the computer will print out personalised application forms which will be despatched to all these people together with the prospectus. If the form is returned, it will still be sorted according to the number of shares applied for, but then the computer will take over: keyboard operators will simply enter a given number of shares *and then list underneath it the* reference numbers of every applicant applying for that number.

When it comes to the allocation, the computer will then be able to handle a large proportion of the work by printing out letters and refund cheques to succesful applicants.

This system will not totally eradicate the quill pen. Inevitably, a large number of applicants will not bother to register in advance and will simply send in application forms snipped out of newspapers at the last minute. There will not be time to computerise all these on receipt so they will be handled in the traditional way. But Rothschild says they will be dealt with on exactly the same basis as those on the computer.

The most important point arising out of all this is that the speeding up of the process means that many more people can be allocated shares than was the case with TSB. Indeed, with over 5m people already registering an interest in the issue, Rothschild can still say with confidence that it expects to ward every applicant a stake in British Gas and it has no intention of conducting any ballot.

A policy with teeth

AS IF worrying about life and your wealth (or lack of it) was not enough, the Prudential is now trying to throw a scare into pet-owners. Publicising the relaunch of its pet insurance policy (Prupet), the group points out that the number of postmen attacked by dogs is growing—and so are the damage awards made against owners.

"The ultimate fear of every owner," according to the Equine and Livestock Insurance Company, which underwrites the Pru scheme, "has to be that a pet might stray on to the road and collide with a Mercedes, which drives into the back of a Porsche, which then hits a Volkswagen Golf GTi . . ."

Although claims for damages are difficult to win, since they involve proving negligence against the owner, the legal fees of contesting such a claim could be an additional nightmare. The revamped Prupet policy will cover you against such eventualities and also includes a new benefit of payment of boarding fees if the pet owner has to go into hospital.

John Edwards

Picture of wealth

IF, before now, you had sought to invest in a 25-year with-profits savings contract, the intermediary or the life company would have presented you with an illustration of benefits at the end of the period that would put you into the millionaire class for a comparatively small outlay.

Man aged 44 investing £50 a month in a 10 year with-profits policy—illustration of benefits after 10 years

Old system	£	New system	£
Sum insured	5,457	Sum insured	5,457
Annual bonuses	3,432	Assuming an investment return of 10.75 net of tax and allowing for expenses the return would be	9,488
Additional bonuses	3,220		
Total proceeds	12,109		

Source: Norwich Union Life

The table shows an illustration that has been provided by a leading life company—Norwich Union Life—for a 44-year-old man investing £50 a month in a with-profit endowment contract over 10 years.

Such illustrations are based on a life company's current bonus rates continuing into the future—a reasonable assumption apparently. Yet, the method has come under increasing criticism as being totally misleading to investors, since it reflects the very good investment returns achieved under the favourable conditions of the past 10 or more years.

The problem was highlighted by the problems of United Kingdom Provident Institution—was providing very competitive illustrations on bonus rates it would have not been able to maintain.

The obvious solution would have been to ban these kind of illustrations altogether. After all, building societies and unit trusts market their plans successfully without providing illustrations of projected benefits in x years times on current interest rates or investment returns.

However, illustrations have become an integral part of life company marketing—a feature accepted by the Securities and Investments Board (SIB) in drawing up its conduct of business rules for investments.

However, it is likely to be at least a year before the SIB's proposals come into effect. The UK Provident situation, if nothing else, made it imperative for life companies to modify their current practice now. So, the association of British Insurers, the main trade association for insurance companies, has drawn up a set of rules for illustrations which all life companies are adopting until the SIB rules become operative. The solution is quite simple.

From today, life companies must simply show the projected benefits on an assumed investment return not higher than 13 per cent for gross (pension) funds and 10.75 per cent for net (life) funds.

As a result, all life companies will be using the same assumption for investment yields, even if their current return is lower—an unlikely situation.

In addition, life companies must make an allowance for expenses—a difficult procedure for traditional with-profits business where companies assert that it is impossible to allocate expenses to a specific policy. The ABI is suggesting a minimum initial expense level of £50 a policy plus 150 per cent of the maximum commission rate on the Rolac (Registry of Life Assurance Commissions) scale; and £10 a policy on renewal plus 150 per cent of the maximum Rolac rate.

The effect of this new System is shown in table 1. The fall in the size of the projected benefits is obvious. However, it has to be emphasised that it does not mean the life company's investment expertise is about to collapse. The final payment will depend on investment performance and expense control of the company between now and maturity, and is not affected by the style of illustration.

Life companies can use a higher expense assumption if they wish. But, for competitive reasons, they are certain to use the minimum. The ABI will investigate any cases where expenses lower than the minimum are used. However, it is relying on other life companies to do the monitoring for it.

Today's change means that investors will no longer receive an illustration relating to a certain life company. Although it will be on the company's headed literature, it will, in effect, be an ABI quotation.

Investors and intermediaries will no longer be able to use illustrations to differentiate between life companies. They will need to look at other factors, such as past performance.

Unit-linked life companies have operated for years on such standardised illustrations. Under the new system, they will be subject to the investment return limit, which is at the top end of the yields currently used, and their own expenses.

At present, there is nothing to stop an intermediary, who is not a registered insurance broker, from producing his own illustration on the old basis. It is not a difficult exercise with a pocket calculator. However, under the SIB rules this practice would be banned, so intermediaries should refrain from doing it now.

In theory, this new practice should bring about lower premiums for low-cost endowments used in this methodofpaying off a mortgage. In practice, it is not making any difference.

Eric Short

Sue, Grabbit and Runne revisited

IF YOU have a complaint about your solicitor, how do you go about seeking justice? On September 1, a new body—the Solicitors Complaints Bureau—came into operation. Its job is to receive complaints from the public, or from a solicitor about another solicitor, investigate those complaints, and make judgments on them.

The job used to be done by the Law Society, the solicitors' professional governing body. But the growth in complaints—running at about 1,200 a month this year — led to long delays in handling them. There were also a few ghastly cases which led to consumer bodies expressing intense dissatisfaction that the complaints procedure should be in the hands of the Law Society at all. Calls for an independent body were not successful, however, and the bureau compromise came into being.

The complaints team is basically the same as it was at the Law Society. The difference is its physical separation in a new location, and the setting up of a new investigations committee made up of seven lay members (including the chair) and four solicitors. Its job from January 1987 will be to monitor the work of the bureau, thereby providing, it is hoped, a check that the interests of the public are being properly looked after.

Peter Thompson, bureau director, who was in the Law Society's department which handled complaints, admits: "The weakness of the old system was that the whole investigation process was not monitored." Only about 10 per cent of the complaints go as far as the adjudication committee (now also part of the bureau and with a minority of lay members) which decides whether disciplinary sanctions are called for, so that there was always a suspicion that the other 90 per cent might have included complaints not dealt with fairly.

What sort of complaints do the public bring against their solicitors, and what happens when the complaints are upheld? The most common complaint is classified by Thompson as "delay, or failure to keep informed." The bureau's staff may be able to improve communication between solicitor and client. But if the complaint is of incompetence, or more seriously of negligence, other factors come into play.

From the beginning of next year, the "shoddy work" statute comes into effect. In other words, if you think that the standard of your solicitor's work, for whatever reason, is pretty awful, you have a legitimate cause for complaint. If that is upheld by the bureau, the solicitor can be ordered either to do the work again, or lose all his fee for the job, or both. If, on the other hand, the solicitor is deemed to be negligent, the bureau has no powers but will put you in touch with a panel of solicitors who will advise whether you have a legal cause for complaint—but the Law Society advises use of its recently set up arbitration scheme in such cases rather than going to court to seek damages.

Just how the "shoddy work" provision will work is not known, although Thompson expects his investigating team—recruited specifically to handle this category of complaints—will be kept busy enough.

The complaints system sometimes seems as complex as the law itself. When clients complain they have been overcharged by a solicitor, for instance, the bureau cannot act until the complaint has been proved. This happens in two ways: in non-contentious matters, the Law Society decides on fairness of costs—bills can be reduced; in contentious matters, it must be an officer of the court. If this judgment goes in the clients' favour, the bureau can pursue the solicitor for misconduct.

Clients also complain about solicitors holding on to their money, and not paying interest. The point at which "failure to account" can be levelled against a solicitor is a bit unclear, but it appears to be more than £500 held for two months and more. If upheld, the solicitor can be ordered to pay.

"My experience is that when money is involved, clients want the problem solved with money. But overall I think clients want remedies from us rather than that the disciplinary process be called into play. In the end, unless you are dead keen on revenge, it is a bit sterile."

Sometimes, however, charges against solicitors can be very serious. "Out of 46,000 practising solicitors, there is always going to be an element which is entirely unsuitable," says Thompson. They are the ones "who have their hands in the till." If this is suspected, the bureau has the right to send in accountants to go through the solicitors' books at three days' notice. "But besides the villains, there are also the innocents who just have not sat down and thought things through, or spotted a conflict of interest."

The bureau is intent on making itself look different from the Law Society. Open-plan offices and new technology are a start, pot plants and pictures will follow, in contrast to the old fashioned solidity of the Chancery Lane headquarters. But will the public (who, it should be said, are not actually encouraged to visit the Victoria offices) be reassured that the bureau, with its new investigations committee, is really a different creature? Isn't it still the case that solicitors are investigating complaints against solicitors.

Thompson, himself a solicitor, can only reply that the public must wait and see how it works—he admits that he would be very sad if solicitors lost any element of self-regulation, as would be implied by an independent board.

Meanwhile, he promises speedier attention to the public's complaints than under the old system where it could take three to four weeks just to get a reply and an average of five months to get the problem sorted out. "My aim is to send out a substantial reply — not just an acknowledgement — within five working days."

Peter Thompson

The Solicitors Complaints Bureau, Portland House, Stag Place, London SW1E 5BL.

Hazel Duffy

Funds of funds 'not proven'

HAVE THE funds of funds—unit trusts that invest in other unit trusts—been successful since they were launched a year ago in a blaze of unfavourable publicity? Critics predicted double charging, conflicts of interest within the management group and indifferent performance.

On their first anniversary, the results so far make it hard to extol or damn the species. One can only agree with Robin Shearmur of Barrington (Kleinwort Grieveson), who were just first in the field with their Planned Investment Fund, when he says the funds of funds have achieved what they were intended to do.

The somewhat modest objectives were to outperform the returns achieved by building societies, provide a steady rather than dramatic performance and remove the burden of deciding when to "switch" funds from the shoulders of the smaller investor. It was hoped this combination would help widen the general appeal of unit trusts to investors apprehensive about going into the stock market.

As the table shows, objective number one (beating the return on building society investment) has easily been achieved. The rise in the offer to bid price of two of the best trusts has risen by around 30 per cent since November last year. The performance of these two — Abbey and Barrington—also compares favourably with the average performance of normal international growth unit trusts over the same period.

Compared with the top performers in the international sector, the picture is very different. Top performer over both the periods shown has been Sun Life Managed Growth, with 76.6 per cent since November 1985 and 58.8 per cent since January. Around a third of the international trusts beat the top fund of funds over both periods.

Managers of the funds of funds have gone to great lengths to ensure that no double charging takes place. The commonest procedure is to make an initial charge on the fund itself, to buy into the underlying trusts without the respective initial charges. However, the normal annual management fee is made on underlying holdings.

The groups, which have a long list of trusts to choose from, have taken advantage of the fact in spreading their holdings. Save and Prosper have recently had investments in ten underlying trusts, with a geographical spread of 14 per cent in the US, 13.5 per cent in Europe, 28 per cent in Japan and Southeast Asia, and 30 per cent in the UK. Trusts held include four income funds, two of them overseas, the Japan Smaller Companies trust and the Southeast Asia trust. In other words, highly specialised trusts are not ruled out.

The Abbey Mastertrust has also gone in for a degree of specialisation, with holdings in the Asian Pacific and Commodity and Energy trusts among the nine funds held. The Mastertrust has 23 per cent in European Capital, 15 per cent in US funds, 10 per cent in Japan, and 16 per cent between UK Growth and Gilt and Fixed Interest. The fund is comparable to Barrington in holding around 9 per cent cash.

With a relatively smaller list of funds, Barrington had only six trusts in its fund prior to October 27, when its link-up with Kleinwort Grieveson became effective. The fund has invested just over 46 per cent in the UK, with 9.34 per cent in Japan and 16.54 per cent in North America. The influx of funds from the Kleinwort stable will give greater scope for specialisation, with smaller companies, technology and recovery funds.

Robin Shearmur emphasises the safety aspect of the fund: "Someone who goes in can really sleep at night." In a somewhat grandiose comparison, he recommends the group's regular savings plan as a way into the fund. He says: "Effectively what you're buying for £20 a month is what the millionaires buy—our international service, with the same philosophy for all." History does not relate what sort of performance the millionaire demands from his international managed portfolio.

Funds of funds are part of the general move to draw in the building society investor with the promise of a low-risk equity investment. To be a real success they must outperform in bear markets to compensate for their modest results when times are good. If this is the meaning of "steady performance," all well and good, but the verdict so far must be "not proven."

Christine Stopp

Fund of funds performance (percentage growth offer to bid, income reinvested)

	Since 24.1.86	Since 25.11.85
Barrington Planned Investment Fund	21.6	28.7
Abbey Mastertrust	19.0	30.2
Save and Prosper Masterfund	17.8	17.8
MIM Britannia Managed Investment Fund	14.4	—
International Growth sector average	16.6	24.2
Building society ordinary share account	4.5	5.7

Source: OPAL

Adept at adapting

THE 1984 Finance Act represented a watershed as far as friendly societies were concerned. Not only did its harsh proposals kill off immediately the "new wave" societies springing up like mushrooms; it looked as if they would also kill off, through starvation, the established societies.

The main proposal was to put a premium limit of £100 a year (£9 per month) on all contracts written in the tax exempt fund on the societies. Although the investment attractions of investing in a tax exempt fund are overwhelming, it is difficult to see how societies can cover their expenses on policies with such low premium levels. Very few life companies accept monthly premiums of £20; and for many, £30 or even £40 is the minimum regarded as necessary to pay their way on expenses.

Under these conditions, it looked as if friendly societies either had to expand their taxable business — becoming, effectively, life companies—and forget about the tax exempt portion; or go under.

But the friendly society movement has not survived for centuries without becoming adept at adapting. They are devising a number of ideas for survival, with the tax exempt business still playing an important role.

The Tunbridge Wells Equitable Friendly Society has adopted two approaches to maintain its tax exempt business. It has designed tax exempt products which are simple, offering just one minimum premium level. This keeps administration costs to a minimum. It then uses mass marketing techniques to sell the bond in sufficient quantities to recoup expenses.

This method was highly successful with its Baby Bond a year ago; but it fell foul of the Inland Revenue, so had to be transferred to the taxable fund. However, this experience has not deterred the society from launching this month the T Bond—a regular savings plan available for adults aged from 18 to 75.

The investment period is 10 years—as required by the legislation. At the end of this period an investor has four options:

- ● Cash in the investment for a completely tax free cash sum.
- ● Take tax free income in the form of partial encashments.
- ● Cease paying premiums, but leave the investment to continue to grow.
- ● Continue paying premiums for a further 10 years. (Any of the other options can be exercised at any time during this latter period.)

Investment is made into funds that are free of taxes. Technically, friendly societies have to hold at least half their investments in narrow-range fixed interest assets. But this applies to the overall funds of the society, and for at least the next year T Bond funds will be invested in a tax-exempt equity fund. Again technically, these have to be UK equities, but societies can achieve overseas equity exposure by investing in the appropriate UK investment trusts.

The charges are 66.67 per cent of the first year's premium for investors under 50 (the percentage rises for older investors) plus a policy charge of £2 per year or 35p per month.

Under friendly society legislation, the maximum surrender value on early cash-in (before 10 years) is a return of premiums.

Although the premium on the bond is £100 a year, or £9 a month, husband and wife can each take a bond, thus doubling the overall investment.

Marketing is being handled by Dominion Financial Management, dealing through independent intermediaries. At least 10,000 bonds a year must be sold in order to recoup costs.

The second approach for friendly societies is to offer an investment package with the tax-exempt contract as the first layer. Tunbridge Wells Equitable, having taxable business (both transitional with profits and unit linked), can provide the package itself.

This is the basis of its Bonus Bond, launched earlier this year when it was overshadowed by the troubles over the Baby Bond and received little attention. The first £100 a year (£9 a month) is invested in a tax-exempt contract; the remainder in taxable unit linked funds.

Societies without taxable business cannot offer the package in-house. The alternative is to link up with a life company which can offer taxable contracts. This route is the one taken by Lancashire and Yorkshire Assurance Society.

It has linked up with both Scottish Widows and General Accident — two well - known names with which intermediaries would have little hesitation in dealing.

Under these plans—the Tax Free Investor Plan (minimum monthly premium £20) from Scottish Widows, and Money Master (minimum monthly premium £40) from GA—Lancashire and Yorkshire will invest in its successful fixed interest funds and the life company will handle the rest. Scottish Widows is offering just one equity fund, the Investor Policy Fund; but GA is offering a range of unit-linked contracts.

Lancashire and Yorkshire specialises in gilt edged investment—where it is among the top performers—backed by its tax exempt status. It has gone outside for equity investment, using other institutions' funds.

There is one drawback to these plans. The investor has to set up two direct debits, one to the friendly society and one to the life company. The necessary administration systems are already available to handle one direct debit, but there are technical reasons why the society has to have the payments made separately for the moment at least. Discussions are being held with the Chief Registrar of the Friendly Societies to try to change the position.

● This week a link between Avon Insurance and Lancashire and Yorkshire Assurance Society has produced a very competitive unit-linked, low-cost endowment contract—Homebonus. Next week, we will analyse this new development in detail.

Eric Short

Wheels within wheels

My wife and I jointly own a vintage car worth (say) £100,000.

We wish to transfer part ownership of this car, by instalments from time to time, to our daughter with a view to mitigating or eliminating liability to Inheritance Tax if one or both of us survives three-seven years.

Presumably, if I/we retain use of the car which would be the intention—then the transactions would be regarded as "gifts with reservation" and the desired objective not be achieved. We are considering, therefore, selling to our daughter from time to time shares in the car based on the market value at the time of the transaction—eg today a 10 per cent interest for £10,000.

In order to enable our daughter to make such a purchase, it would be our intention to make her a gift or gifts in cash sufficient to pay for the share. As a then co-owner with my wife and I, presumably whether or not I/we continue to use the car with our daughter's consent is irrelevant as her interest would have been acquired by an arm's length purchase and not by way of gift.

I realise that the gifts of cash would fall within the three-seven years rule, but any appreciation in value realised on the eventual sale of the car to a third party would accrue proportionately to the then joint owners free of Inheritance Tax and Capital Gains Tax.

I should like to have your confirmation that I have correctly interpreted the position and to know whether you consider that such a transaction based on an exchange of cheques—from my wife and I to our daughter as gifts and from our daughter to my wife and/or I as purchase consideration—would invalidate the transaction for the purpose of Inheritance Tax.

We think that your proposal should be effective and should not be challenged by the Revenue.

Deposit retained

I do hope you can shed some light on the following situation. Nobody else seems to be able to—solicitor, broker nor estate agent.

I was asked to pay £499 deposit towards the purchase of a house. I paid this to the estate agent who would hold it on my behalf but it would be returned to me should the surveyor's report be an "adverse" one.

A week or so later I received a letter from those to whom I had applied for a mortgage turning down my application "due to recommendations from our surveyor that the property has potential structural problems."

This was enough for me. I felt no need to go to additional expense of instructing a surveyor of my own to confirm this and promptly withdrew my offer and asked for the return of the deposit—the adverse surveyor's report condition being satisfied. At least that is what I thought!

The vendor's argument is that the report is not valid because it was not based on a full structural survey (the surveyor reported that he did not feel a full survey was necessary) and in any case the letter I received from the mortgage people should not be accepted as a substitute for the actual report.

My reply is that the letter is sufficient and reasonable evidence that the surveyor's report was adverse and that it is up to the surveyor as to whether he wishes to write his report after a partial survey rather than a full one.

The estate agents have taken advice, my solicitor is considering the matter but is worried at the lack of proper definition of "adverse report" and my brokers do not know. In short I think this matter is headed for the courts. What do you think? Is the matter really as complicated as it apparently seems to be?

We think that you are entitled to the return of your deposit. A pre-contract deposit is prima facie returnable. In the present instance it may have been agreed that it would not be returnable if the sale went off otherwise than as a result of an adverse surveyors report: but that is precisely what caused you to withdraw. The question is not why should you have your money back, but why should the proposing vendor keep it.

Using an overdraft

Is it in order for a non-resident (UK) to use an overdraft facility at a UK bank to invest in the (UK) stock market.

Could it affect his non-resident status?

If the UK bank will provide the facility there is no reason in law why you should not use it. It will not of itself affect your non-resident status.

Copies and copyright

At a recent sale of paintings by a well known deceased artist it was expressly stated in the conditions of sale that the copyright in the paintings was reserved by the estate, and that copies or reproductions in any form could not be allowed.

If the paintings by the artist had been bought direct from him during his lifetime, with no conditions at all mentioned, do the same restrictions apply? In other words, can the owner of such paintings make photographic copies, and sell them if he so desires?

If paintings which were not expressly commissioned are bought from an artist, the artist, as the first author, retains the copyright where nothing is said as to copyright in the contract of sale. Where paintings are commissioned, the copyright vests in the person commissioning the work, if he or she pays for it in money or money's worth. Likewise, where the artist is employed and creates the work of art in the course of his employment, copyright vests in the employer. Hence the owner of pictures may have the right to make copies if he commissioned the work or was an employer for whom the work was created, or, of course if he has purchased the copyright or a licence to reproduce the work.

The cost of a bonus

The treatment for CGT purposes, of the acquisition cost in the following cases, clearly differs:—

(a) Britoil—Small Shareholder Bonus: The prospectus reads, "The individual will be treated as acquiring those ordinary shares for no cost . . ."

(b) British Telecom—Share Bonus: The prospectus reads, "The share bonus . . . will be treated for capital gains tax purposes as if acquired at market value on November 30 1987."

(c) TSB—Loyalty Bonus: The prospectus reads, "The Inland Revenue has confirmed that . . . for the purposes of taxation of capital gains, the extra shares transferred under the loyalty bonus arrangements will be treated as if acquired at market value on September 30, 1989."

Why does (a) receive different treatment from (b) and (c)?

In each case, the successful applicant (who so chose) became entitled to have additional shares transferred to him or her by the vendor after a specified date, in consideration of (inter alia) his or her having refrained from selling the shares originally purchased on credit terms. As this consideration cannot be valued, section 29A(1) of the Capital Gains Tax Act 1979 (which was inserted in 1981) provides that the eventual acquisition of the additional shares "shall for the purposes of this Act be deemed to be for a consideration equal to the market value."

At the time the Britoil prospectus was written, in 1982, this market-value rule did not apply where the transferor (the vendor) was "a person who is wholly exempt from tax in respect of chargeable gains," such as the Treasury; fortunately, however, this restriction upon the market-value rule was later abolished, with effect for acquisitions after the end of 1982-83.

Since the additional shares are receivable "in return . . . for refraining from exercising rights" attaching to the original shares, viz the rights of sale and transfer etc, their receipt constitutes a part disposal of the relevant number of original shares, notwithstanding that no asset is acquired by the transferor (vendor) in exchange; this rule is set out in section 20 of the Capital Gains Tax Act 1979. It seems likely, however, that the law will be changed next year, to give retrospective exemption from section 20 for so-called bonus arrangements in offers for sale.

Nominee holding

On July 19 you answered a question about a nominee company for holding shares. You did not mention that an unlimited company has the advantage of not having to file accounts (s.241), but any close company has the drawback that it can claim no concession for capital gains tax: further, if a capital gain is taken in cash capital gains tax is payable on the gain (or corporation tax in lieu), and if a director or associate draws any of this out he is taxed again.

If I could get rid of my company without paying capital gains tax twice, I would gladly do so. It occurs to me, with respect, that you may perhaps care to supplement the advice you gave to your reader.

The reader's question related to a nominee company, not an investment-owning company. A nominee company does not own the shares which are registered in its name: it merely acts as a cloak to conceal the identity of the beneficial owner of its shareholdings. The cloak may have to be lifted in some circumstances, of course.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Inspecting a register

I am a shareholder in a private company and would like to see the share register to see what transfers and what changes have taken place.

Have I any rights to ask to see this register at the registered office or anywhere else?

You are entitled to inspect the register of members at the registered office of the company. You may get most of the information you require, however, by effecting a search at Companies House of the annual returns filed by the company.

Threat to pension

I recently received a letter from the pensions officer of an assurance company stating that unless I submitted a certificate of survival validated by eg a bank official or sub-postmaster, he "would be unable (sic) to continue to pay my pension." There must be many cases where such a letter would, for a variety of possible reasons, receive no response from the addressee and the insurers would then stop payment on a mere assumption of death. In any case, the inference that official confirmation of the addressee's reply is necessary is a gratuitous and unwarranted insult. Is the company acting within its legal rights if it stops payment without authority and without checking further sources?

Unless the contract under which the pension is paid expressly provides for submission of certificates such as you describe the company cannot insist on such a confirmation of your existence. No doubt if payments ceased you would soon register your continued existence, and you would be entitled to be paid all arrears.

In short . . .

I am self-employed. I am a bachelor with no dependants. I pay an annual subscription to the Private Patients Plan to cover the cost of possible private medical treatment. Am I allowed to charge this subscription as an expense against my gross income for Income Tax purposes?

The answer is NO.

Gardening

Terminal insanity gets a grip

DO WE now know where particular plants will grow, and if so, can we not modernise gardening advice? The two questions are connected, but the answer to the first affects the second, so I will begin with it.

Anyone who writes on gardening has to generalise. We describe one plant as hardy, another as difficult or four feet tall. We tell you they flower in June or that they dislike shade, but quite often the plants disagree. They flower at different times in different areas: their height varies with the soil, wind and warmth.

I have never discovered how to convey hardiness accurately. "Hardy south of the Midlands" used to be one rough rule of thumb; perhaps it should be amended to "thriving south of Watford" to bring plants into line with one view of British business.

In fact, these labels are very misleading. Oddities like the Gulf Stream up the north-west coast make a nonsense of them: we need a subtler map of the zones of climate in the UK, like the various maps which compete for the attention of American gardeners.

Even then, the difficulty would not disappear. Variations of wind, frost and adversity mark one garden off from another. These variations are often frustrating, but they are a particular fascination of the entire business.

People who regularly get their hands dirty know how one bit of a garden can vary from another, let alone from its neighbour. A patch of heavy clay can suddenly adjoin a workable border, while the wind will eddy curiously round the corner of a particular wall. Rain will drain down one slope, but sit soggily at the top of another.

There are also localised nuisances, things like the ineradicable Horse Tail weed and the particular haunts of rabbits. Complicating everything, there are also the routes on those unpublished maps, the night time guides of the British cat.

Everybody runs into these variations and if you are starting a life this autumn as a keen gardener, be reassured that we all share them. They seem to me to be a formidable obstacle to further modernisation and technology. In the past two years, I have kept on meeting people who want to put gardening on to a computer. Sometimes, they are just hoping to make money from the idea, but usually, they do not like gardening themselves and I rather suspect that the idea is a subconscious revenge on the many of us who happen to enjoy it very much. They seem to think that technology can do away with the refinements. Programme the garden, key in Hillier's manual of shrubs and we can all relax on Saturdays.

The idea, it seems, is that you ought to be able to programme the Amstrad with your broad requirements: neutral soil, north aspect, evergreen leaves, white flowers. Then, for a fee, Processor-plant will print out the word pieris or propose a pyracantha if you are in a frost-bound zone. It will all come out in that shaky grey type-face which looks as if someone has electrocuted the secretary. Will it be any good?

Frankly, I think the idea is a silly gimmick. The advice will only be true if it is quite broad, whereupon it exists already at the back of Hillier's manual of trees and shrubs. The essential handbook lists shrubs for special places, most of which exceed anything you would want from a computer-answer. If the machine suggests something more specific, it will founder on our local oddities.

Could a pre-programme designer have told us we needed a second low-growing lilac for a south-facing site, bothered by rabbits (who happen, here, to ignore it), lying on quick-drying soil, surrounded by wild aquilegias (which the lilac happens to match in season and colour) and prefaced higher up the garden by a previous lilac which it matches and picks up rather elegantly?

The machine would probably have suggested a dull old escallonia which would have been trapped in an erratic frost-pocket.

Local variations, then, kill off the idea of computer-planting: what about the idea of programming prices and sources of supply? I would like to see a system of dealing-screens, monitoring the prices and sizes of all flower-bulbs on offer in Britain each autumn, not least because the variations would raise some interesting questions about the pricing of several major suppliers.

Bulbs, however, are a mass market of dormant goods, and elsewhere there would be problems about a nationwide list. Gardeners would flock to the cheapest outlet and promptly exhaust it, as supplies are often limited. They would also be coaxed into ordering blind by mail order.

Could a data-base ever make up for personal inspection? In any garden centre, there will be several plants of a variety, one of which will be better grown, but not always bigger, than the rest. To find it, you have to see it and assess it: I doubt if any data-base could convey the subtleties of individual quality in an azalea.

The idea, finally, does not allow for the element of disobedience. Bits of ground vary; prices and quality vary but so, rather charmingly, does the behaviour of plants. Just when you think you know them, you find them elsewhere, doing what nobody expected, growing in a cold aspect, thriving in wet ground or flowering freely despite disturbance.

To programme their habits as if they could be finalised would be to run against the constant unpredictability of a garden. Perhaps that is one argument for gardening journalists, not computer screens. Once you start to disbelieve an impersonal screen, you feel you might as well disconnect it and kick it in. When you read a gardening column, you know there is a good chance you can go out and refute what you read, but the knowledge does not make you kick the columnist. It makes you feel more pleased with your own success.

Robin Lane Fox

Castle Coole: closed for repairs

Linked in trust

THE National Trust's handbook, called *Properties Open*, has nearly six pages on Northern Ireland. The Trust's assets there include 6,000 acres of countryside and coast, eight islands, two villages and a dozen specific attractions including top-class gardens. Yet only a tiny fraction of its 1.4m members ever set foot in the province and the political "troubles" aren't the only problem.

With 1.5m residents, Ulster's NT members number a mere 10,500. Last year, income from 170,600 visitors amounted to less than £85,000—a pittance compared with the £2m that will be spent this year on maintenance and development. The bulk comes from two mainland sources—National Trust headquarters in London and the Government. Ulster in Trust, a continuing appeal, raised £25,000 in 1985 towards specific projects such as cliff path improvements. British Petroleum gave £9,000 for a boat. Looked at another way, visitors are getting high value for their entrance fees.

Increasing their numbers is a priority. According to the province's tourist board. Of 419,000 trips from the British mainland last year only 20,000 were attributed entirely to holidays. But while the trust cannot alter the politics, or the destructive tunnel vision of the media, it does have a new marketing strategy.

Links are being forged with the Republic: the trust attended the Dublin Horse Show and is seeking co-operation from Bord Failte (Eire's tourist board). Individual properties are now members of the Historic Irish Tourist Houses Association—a £1,000 investment resulting in publicity in its literature. The strategy—including revamped full-colour brochures, comfortable tearooms and well stocked shops—has led to longer hours of opening and a fuller programme of events and walks.

You can try crossing the swinging rope bridge at Carrick-a-Rede, suspended 80 feet above the sea and risky in high winds, joining the shore to an island used by salmon fishermen. For those of a less adventurous outlook there is Mussenden Temple, a classical, round building a few miles from Belfast towards Londonderry. On the same route is 17th-century Hezlett House, with exposed roof truss and a friendly custodian living on the premises.

The Trust has a beetling mill at Wellbrook in the centre of the province—beetling was the final process in making linen. Beside it is one of eight holiday cottages for letting. In the south is Murlough nature reserve, and nearby the only NT property officially closed—but open by appointment. Thatched Derrymore House, near the border in Co Armagh, has been attacked by the IRA; the Act of Union was drafted there in 1800.

At the Giant's Causeway, a headland in the north of County Antrim, NT naturalist Philip Watson leads walkers along the coast with its spectacular basalt columns resembling organ pipes. There are an estimated 37,000 of them; this is where mythical giant Finn McCoole left behind his boot, chair and eyes. A new £1m visitor centre has been developed by the Trust with Moyle Council; the Causeway is the NT's most popular attraction.

Elsewhere, visitors can venture forth on Strangford Lough under the wing of marine biologist Dr Bob Brown — an inveterate enthusiast, with binoculars and his BP-funded boat. The lough is a 20-mile stretch of seawater (within easy reach of Belfast), which is the subject of a wildlife scheme, headed by Dr Brown. Some islands are only for the birds—among them rare roseate terns. The bigger threat to an area with thousands of marine species is from trawlers: technically, the lough is open sea and restrictions inadequate.

At Castle Coole, custodian Ian Burns leads the way through parkland but the house is closed. Behind the Portland stone facade—considered by many as the purest architecture in Ulster—corroding iron cramps have done their worst during 200 years and the entire stonework is being refurbished. The cost is variously given at £2m to £4m and reopening is scheduled for 1988.

Cash limits obviously restrict—but an allied problem is deciding what is worth keeping. Inevitably, mistakes are made in dragging old places into a new era but the Trust is desperately keen to make the right decisions on its prize estates. Castle Ward on Strangford Lough and Florence Court, seat of the Earls of Enniskillen in Fermanagh, are the subjects of special attention, with new tearooms and shop and basement reopenings. There is talk of semi-commercial activity—pony trekking, kitchen gardening, increased self-catering. At Castle Ward, a wildfowl collection is now in the walled garden, thanks to sponsorship from the Ulster Bank.

"We are always negotiating for new properties to be acquired, especially smaller ones at risk," says NT regional director Tony Lord. He is also pushing towards protecting countryside—"defending sensitive areas against the spread of bungalows."

Given the wealth of acquisitions, it is unfortunate that so few members enjoy the Trust across the water. Last year, fewer than 10,000 entered The Argory, a turn of the century time-capsule 30 minutes' drive from Belfast, and 1,500 trudged through the unusual attic at Hezlett House. They and most of the NT's other properties in Ulster are too little known.

● *Information from National Trust, Rowallane, Saintfield, Ballynahinch, Co Down, BT24 7LH (0238 510721).*

Ann Hills

Apples on the roof

THANKS TO a rootstock that for 40 years was considered useless it is now possible to grow miniature apple trees in the smallest of gardens or even in large pots in a patio or on a balcony or rooftop. This rootstock is known as M27 and an ever-increasing number of nurserymen use it to produce these ultra-small trees.

Apple trees are increased by grafting on to rootstocks because, though it is possible to grow them from cuttings, it is slow and rather unpredictable. Years ago fruit growers used seedling crab apples as rootstocks because they were easy and cheap to grow, but these varied a great deal in vigour and that was unsatisfactory. So the search began for rootstocks that could be readily increased by cuttings or layers and, as they were found, they were given distinguishing letters and numbers. They were described according to their vigour and the effect this would have on any apples grafted on them. This could be dramatic, varying from a tree that was only a few feet high at maturity to those that could attain 30 feet or more.

The rootstock designated M27 was the most dwarfing of the lot and produced such a small tree that, at first, it seemed to have no practical use. Years later apple breeders and research workers realised that it would give them a free fruiting tree in three years and that a great many of them could be grown spaced about 4 feet apart, in a comparatively small area. It was a very economical way of testing new varieties and M27 began to be used extensively for this purpose.

A few years ago it dawned on nurserymen that minature apple trees could be just the thing for the modern tiny garden and could even bring the pleasure of fruit growing to those who have no gardens at all. I have just counted 37 varieties of apple on M27 rootstock in the latest catalogue of one of the biggest wholesale fruit growers in the country and only a few weeks ago I saw a very good display of them in a big garden centre in Cheshire. They figure prominently in two of the retail fruit tree catalogues that have arrived this autumn and it is clear that they could easily become as freely available as any other type of apple tree if there is sufficient demand. That will depend partly on how well they are publicised in the nurseries and garden centres but also on what coverage they are given in the press, on radio and on television. As yet I think the public is almost unaware of their existence.

Even with the best of things there are usually some shortcomings and there are two with M27; poor anchorage and a tendency to weakness. Both can be overcome, the first by driving in a stout stake for each little tree and making certain that it is always securely tied to this, the second by preparing the soil well or, if the trees are to be grown in pots, by using a fairly rich compost such as John Innes No 2 or No 3, and then continuing to feed as a regular part of cultivation.

Many of the trees on offer are only a year old, "maidens" in the jargon of the nursery trade, and this may come as a surprise to gardeners accustomed to buying three-year-old trees. The maiden will have only a single stem with a few small side shoots or "feathers." Some firms do offer two-year-old trees but there is advantage in starting with maidens partly because they are cheaper but, even more, because by the second year they should be beginning to crop and it is best to have them well established before this happens.

Apples on M27 make so little growth that they need scarcely any pruning. Maiden trees can be shortened by a few inches after planting to get several branches from fairly low down, and the following winter the best placed of these branches can themselves be shortened a little to strengthen them and any weak shoots can be cut out. After that the increasing weight of fruit each summer will pull the branches downwards so that the little trees become weeping in habit and this in turn will check the uprush of sap, steady growth and encourage fruit buds to form all along the branches.

Trees will need to be fed regularly from April to August and to be sprayed occasionally with a fungicide and insecticide to prevent mildew, scab, canker and the other diseases to which apples are prone and kill insects such as greenflies, sawflies and caterpillars. If you are an anti-spray person you may be able to deal with the insects by hand picking but I do not know of any non-chemical way of controlling fungi. However in gardens, especially those in towns where there is no contact with large scale cropping, both pests and diseases usually give far less trouble than in commercial orchards.

As to feeding it can be done with fertilisers or natural manures according to your preferences. Mine are for a mixture of the two, the fertilisers being chosen to balance any shortage of plant food in whatever natural manure is most readily available.

The one other essential is water Because M27 does not make a very extensive root system it is more likely to run into drought problems than a more vigorous rootstock and in pots any plant is wholly dependent on the gardener. It is essential to keep these little trees growing and that means generous water supplies in spring and summer. It is easy to tell when an apple tree is happy by the size, gloss and rich colour of its leaves. Small, dull, pale green leaves are a sign that something is wrong.

The fruit on apples worked on M27 will be as good, perhaps even better, in size quality and colour as that on more vigorous rootstocks. Cropping will be even heavier and more regular if more than one variety is grown for cross pollination. The only thing that is important about choosing mates is that they flower at about the same time and one way of ensuring this is to choose only mid-season flowering varieties. Here are six for starters; Blenheim Orange, Bramley Seedling, Greensleeves, Jupitor, Rosemary Russet and Suntan.

Arthur Hellyer

Trapped by terror

Joy Melville, in part of an occasional series on phobias, looks at the fears of claustrophobics

EVERYONE was jammed tight the other day in the crowded guard's van of a commuter train. One woman suddenly began to scream. She stopped only when the train arrived and she could get out.

Claustrophobia usually begins after a panic like this. I developed a slight tendency to it myself, after being trapped for some time in a lift with a man with a trayful of live lobsters whose antennae kept touching me.

Many people have had scaring experiences as children — locked in rooms or cupboards by other children as a joke, or by their parents as a punishment. One man said that his mother, who had four children under five, used to shut him (the naughtiest) in a telephone box on her way to the shops and reclaim him, screaming his head off, on her way back.

Other childhood incidents that can set off claustrophobia are having a mask put on during a dental or hospital anaethetic; or feeling suffocated in some way. One woman, after such an incident, had her fear reinforced in adulthood when a jammed door trapped her and some others and firemen had to cut down the door with axes. "Everyone else thought this was most amusing," she said, "and I only managed to keep control by telling myself it would be possibel to squeeze out of the tiny window."

The fear of being trapped, unable to get out taps a nerve in us all. When an underground train stops between stations for five minutes or more you can see some people getting progressively more anxious, feeling their collars, taking off thetir gloves. But genuine claustrophics avoid potentially dangerous situations, knowing they would become hysterical; they will not travel by underground, go in buses with self-closing doors, or get into a lift. A man whose office is in a high-rise block prefers to walk up and down 16 flights of stairs each day.

One woman said her claustrophobia could be sparked off by a small thing. "It could be some article of clothing which is a bit tight: bedding a bit too heavy; seeing or reading about anyone trapped in potholes or shut up in prison cells. Once, on holiday, I put on a new blouse which was tight in the sleeves. I tride to overcome the panic — but I couldn't get the blouse off because I'd come out in such a sweat that the material was stuck to my skin. So I hacked it off in bits with scissors.

Unfortunately claustrophobia tends to expand. If you panic in a lift, you may find next that you cannot enter the basement of a department store — or anywhere, where you cannot get out with ease.

One woman's condition has slowly worsened in this way: "Now I cannot clean under a bed; go into a very small room; go under the stairs with a slanting ceiling; sleep with the window closed or on a top bunk; or have the sheets any higher than my neck and shoulders."

Another, who used to enjoy coach trips, said: "Now I cannot go unless I can be sure of being at the very front of the coach. Most public transport is a problem. Seats in the middle of a row at theatres are hopeless—anywhere I feel hemmed in."

The only way to stop claustrophobia spreading is to tackle it before it does. Trying to relax, using any method you have found successful for lowering anxiety, is a helpful start, but a positive programme is needed. One method, done gently over several weeks, has proved successful—and can also be adapted to any particular situation.

Take a helper with you and go to the foyer of a busy building. Watch people getting in and out of lifts. The two of you should then get into a lift, stay for a few seconds, then get out. Next, both should get into a lift and travel one floor, then get out.

The third stage is for both of you to go into the foyer of the building, but only you, the claustrophobic, enters the lift for a few seconds and then gets out.

The fourth step is your helper going ahead of you one floor in the lift, then waiting for you to follow, then both of you taking the lift down again. Gradually the duration of your lift trips should be extended.

One imaginative cure for a man who suffered from claustrophobia in lifts, who had been resistant to therapy, was for him not to eat or drink for 24 hours before treatment. He was then led to a lift in which there was a table attractively arranged with his favourite food.

He sat there eating, almost get out. What happens if a moving up and down. When he finished he was encouraged to take self-service lifts in as many different buildings as possible. Two years later he remained free of claustrophobia.

At least with a lift you can get out. What happens of a claustrophobic is sentenced to prison? Somewhat surprisingly, a psychiatrist at one of London's major prisons said he had never come across a case of pure claustrophobia; though a colleague had. One claustrophobic said the thought of being put inside filled her with dread. "You will never find me breaking the law."

CLAUSTROPHOBIA CONTACTS

● Phobic Society
4 Cheltenham Road
Chorlton cum Hardy
Manchester
(Self-help organisation for all phobics. Send sae for membership details. Local groups.)

● Institute of Tape Learning
PO Box 4
Hemel Hempstead
Hertfordshire
(Provides various tapes for different phobias. Send sae for details.)

Vine growing: By James Page-Roberts

The best of pruning

IN LAST week's article I wrote on the pleasures of having a few vines in the garden. But now we become more technical.

The size of the fruit cage, if you have one with a removeable top net, could determine the area of the "vineyard" because, when the soft fruit has been harvested, the net can then be doubly used by placing it over the vines to protect the grapes from autumn birds. Provision for a gate, or better, two, should be made. Remembering the width of your barrow or machinery.

At this early construction stage, asparagus seeds, planted en masse in a tray, may be transplanted singly in the late autumn to 10 in apart and 3 in-4 in down outside the upwind quarter of the vineyard.

So now you can have double annual use of the protective net, harvest a crop of asparagus each spring and early summer and have an ideal windbreak in the autumn to protect the ripening grapes.

The most productive method of pruning mature, outside vines for a good quantity of wine grapes (best done from mid-December to the end of February) is by choosing two strong canes from the previous year's growth, cutting away and discarding all other old and new growth from above a selected branching-point, bending down the two canes either side and attaching them to a wire.

From each bud along those canes, vertical growth will take place in the summer. And from low down on them, bunches of grapes will form. The upward growths can be controlled by threading them through tramlines of wire—then trimmed likea hedge.

The heights of these wires, I believe, should be 21 in for the low, tying-down wire and tramlines 28 in and 48 in above ground level. Only the lowest wire need be near taut.

Vines can bt planted 4 in apart in rows 4 in (or a rotovator's width 9 in) apart. And the bent down canes may happily overlap each other by a foot or so to increase the crop.

Each vine should be planted with and kept securely tied to a stout, 5 ft bamboo. Until there is enough growth in a single upward-growing cane to bend down in just one direction, all side shoots should be eliminated.

Thereafter, all buds springing from the stock below the lowest wire should be rubbed out.

The branching-point, from where you will hope to select those two strong canes each year, will be at, or just below, the lowest wire. A short, budded spur, left near this point at pruning time, will provide a greater choice of canes for the winter's "bending-down."

Cut away the vine leaves to expose your fruit to the autumn sunshine. And keep all poisons out of the vineyard.

★

Three years have passed since the vines were planted. Now from mid-October to the end of the month (and sometimes into November) the grapes should be ready to be turned into wine.

This vinification business is shrouded in the mysteries and complications of science, chemistry, additives, filters and general over-advice. But turning grape juice into wine can be as simple or as complicated as you care to make it. Here is the very simplest method of making white wine.

When the grapes taste sweet, harvest them. Hand-squeeze enough of the fruit to fill a wine hydrometer.

Take a reading and, as it is usual in northern climates to add sugar to the must, refer to a textbook for the amount of white, granulated sugar to add to each gallon of juice.

Add the sugar to your glass fermentation jars. Break, but not crush, the grape skins in a machine bought or constructed for the purpose. Or tread on them in a baby's plastic bath.

Free-run juice will appear. Strain this into the glass fermentation jars. Press the residue for its juice (with fists or press) and add this liquid to your jars. Compost what remains. Some include a very small amount of sulphur at this point.

Introduce some appropriate wine yeast as you fill the jars. When they are full, stopper them with a cork and fermentation lock (containing a little water).

Seal over the dry cork, fermentation lock union and jar top with wax and be sure that the seal is completely air-tight.

Leave the wine in the fermentation containers undisturbed on the lees ("sur lie," to the French) in an outside shed or very cool place until the spring. In May, carefully syphon the clear wine into clean bottles—and cork them.

Incidentally, crushing by foot in late October can be a very cold job.

Fuller details are obtainable in *Vines in Your Garden* (by the author) from Argus Books, 1 Golden Square, London W1R 3AB (price £1.25 post free).

Country Notes

Hunters and hunted on animal farm

AS A farmer, I suppose I have unrivalled opportunities for watching the wild life which lives around me. The trouble is, I never seem to have the time to do it. My attention is directed to seeing how the sheep are thriving, the crops developing and the mistakes in my farming — which show up increasingly as the seasons progress. If, for instance, I had not been in such a hurry to get the sowing done I would have made a better job of the tillage, and the young wheat would not be showing either the gaps (which will undoubtedly widen) or the weeds (which will surely smother part of the crop).

But although I may ostensibly be pursuing the path to farming excellence (i.e. profit), I do not close my eyes to the natural scene. There has been a marvellous opportunity this year to check up on the number of creatures which my farming seems to be able to support. Through the seven hundred acres with several lanes, all well treed. Two or three small copses and the boundaries are half backed by extensive woodlands and commons, which provide a safe base from which the larger wildlife invades my crops.

During the last month I have come across parties of deer ranging from pairs of Roe to half a dozen fallow. They are quite easy to approach, either by car or when riding on a combine harvester. One field of oats held about a dozen fallow, and after they had moved to the edge of the wood they remained there for some time, watching us cutting the crop which had been their home, with a sort of contemptuous twist of thier lips.

They are quite easy to approach in a car or on a tractor as long as you keep down wind of them. On foot they are more difficult, even down wind, almost certainly because they are warned of a stranger's approach by the way birds give the alarm. Some, like jays, chatter; and even the pigeons disturbed from an ivy-covered tree make a considerable clatter as they race away.

There are said to be some Muntjac deer, which I had thought were north of the Thames, but I have not yet seen one nor heard one bark. I will not allow deer to be shot on my farm; there are not enough to do any real damage, although one of my neighbours claims that they decimated her roses. The way to keep deer out of gardens, I am told, is to buy a couple of bags of lions' dung from Longleat, and spread it round the rosebed. Mind you, I am only repeating what I have been told; I have not inquired for any myself.

Our crops are too thick these days to hold the rabbits which used to hang back as the binder or combine made their refuge smaller with every turn until they burst out in all directions. But the crops do shelter foxes, and I have seen several this year. They seem to be hiding in the crop not from man but rather from their prey. The edges of my fields of wheat and barley are under constant attack from rabbits, squirrels, rats and pheasants, to say nothing of rooks and pigeons which beat down the standing crops to eat the ripening grain. The foxes hide in the denser growth and seem to find it easy to pounce, as the remains which litter some of the fields edges show.

Of all these creatures my hand is only seriously raised against the fox, which I have known to be a vicious killer of lambs, game birds on the nest, free range poultry, and even a pet goose which used to run in the field by the house. For the rest, natural forces seem to keep them in check Even a serious increase of rabbits was controlled by an attack of myxomatosis this last summer.

John Cherrington

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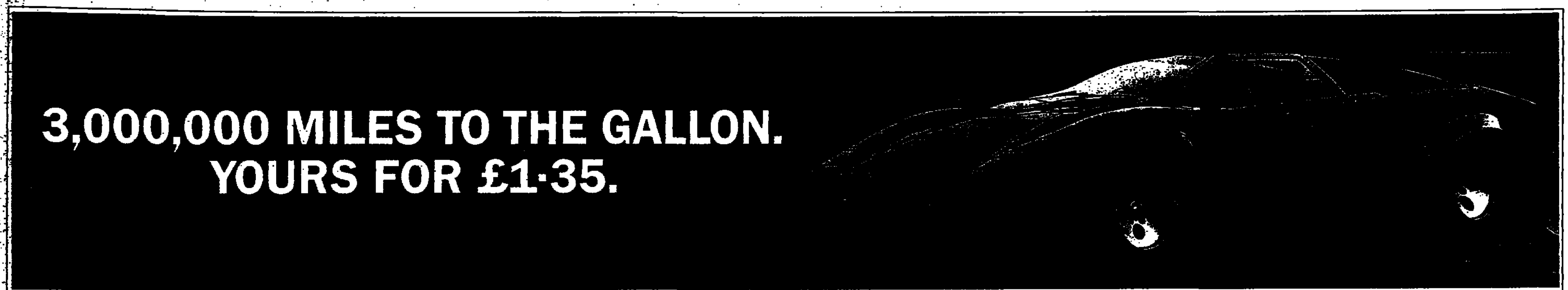
When computers were born 30 years ago, they weighed close on 30 tons and occupied a complete room. Today, a machine of similar capacity would hardly fill a briefcase.

If equally dramatic changes had taken place in the car industry our headline would be unremarkable.

A Lamborghini really would be that easy on petrol and your purse-strings.

When integrated circuits first arrived, they cost £40 apiece. Now they are ten-a-penny. Literally.

As computer production costs have gone down, their use has gone up.



Children today are as at home with software as they are with soft toys.

Immunity from the rampaging microchip has been granted to no one. Banking. Insurance. Retail. Wholesale. All have bowed before it.

But it is the manufacturing sector which has the most to gain, as well as the most to lose, from its advance.

We are on the verge of a second industrial revolution.

Before the advent of steam, 80% of the population spent their days, and much of their nights, working to feed the nation.

After it, they were free to put their talents to other tasks.

Now the computer is coming to the aid of today's workforce. Already, repetitive and unpleasant jobs are being carried out by robots.

At the same time, our traditional dependence on established raw materials and forms of energy is being lessened.

Evaluation and development programmes that took years, can now be completed in days. New products, new services and new markets are easier to develop. Complex problems are easier to solve.

Such changes are taking place on a scale unthinkable 20 years ago.

Clearly, the backbone of commerce is no longer iron and steel, but expertise and judgement. Today, ideas are the crucial currency.

Of course, radical, far-reaching changes require solutions to match.

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London Property

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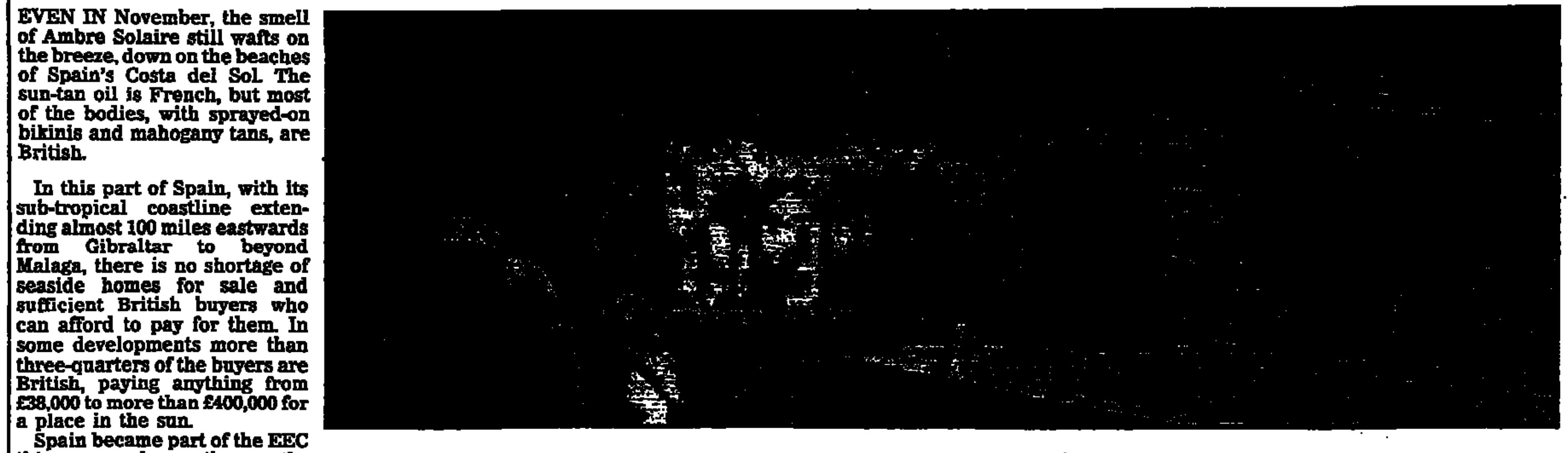
Security systems shine in the sun



"Cool white buildings, Moorish in style" for the Casas del Senorio apartments a mile or so from Marbella

Cheryl Taylor finds no shortage of British buyers for seaside homes on Spain's Costa del Sol, where the best new developments offer luxury living to rival a Hollywood film set

EVEN IN November, the smell of Ambre Solaire still wafts on the breeze, down on the beaches of Spain's Costa del Sol. The sun-tan oil is French, but most of the bodies, with sprayed-on bikinis and mahogany tans, are British.

In this part of Spain, with its sub-tropical coastline extending almost 100 miles eastwards from Gibraltar to beyond Malaga, there is no shortage of seaside homes for sale and sufficient British buyers who can afford to pay for them. In some developments more than three-quarters of the buyers are British, paying anything from £38,000 to more than £400,000 for a place in the sun.

Spain became part of the EEC this year, and over the months since entry, property prices in some areas have risen by as much as 30 per cent, with further gains thought to be in the offing.

The fear that a future Labour Government would re-impose exchange controls, coupled with the opening of the border with Gibraltar last year—now providing easier access to southern Spain—has intensified spending and given an extra fillip to local property values.

In the popular town of Marbella, the social glue pot of the Costa del Sol, there is plenty from which to choose—luxury flats, gardened villas, serviced apartments—and, just a few miles inland—traditional vilage houses and secluded farmhouses.

The focal point for every "poseur," within pouting distance of the coast is surely the marina of Puerto Banus—where multi-million-dollar Arab yachts rub keels with the occasional, somewhat smaller, sardine boat. Even Hollywood would have difficulty in designing a film set to match it. Modelled on a typical Andalucian village, Puerto Banus rises on two sides from the marina. A one-bedroom flat here would probably set you back about £80,000.

New developments around Marbella, offer the height of luxury—at similar prices. Standard issues are marble floors, gold-plated taps, and your own Jaccuzi. In this lush and laundered life, where the sun is supposed to shine for 365 days a year—happiness is a 24-hour, video-controlled, security system.

The best of the new developments are strongly pitched at the UK market, some even have British and Middle Eastern financial backing, and these are usually superior to anything built in the "bad old days" of the Spanish property free-for-all.

One of the most impressive is Jardinas de Las Golandrinas, about 8 km from Marbella, close to Puerto Banus. The developer, Hoteles Coach SA which also owns the Don Carlos Hotel, which dominates the 110-acre estate, has spent more than £2m on the gardens alone, and refurbished the hotel to the tune of £3m since they began the development of 373 apartments and villas three years ago.

The Garden of the Swallows—a translation of the name—is set in a lush jungle landscape, with streams, lakes, fountains and waterfalls.

There are plenty of swallows—for the design of the building gives the birds ample nesting sites. Las Golandrinas is built like an Andalucian village in style, with a touch of the Moorish thrown in, and the site has been cunningly planned so that every apartment has a view of the sea.

Apartments range in price from £60,000 for one bedroom, £120,000 for those with two bedrooms, and between £180,000 and £280,000 for three bedrooms. A front line of luxury villas is under construction, with four and five bedrooms and four bathrooms, priced from £350,000.

Buyers will have access to all the facilities provided by the Don Carlos Hotel, including the tennis complex, and 24-hour room service. Management and maintenance charges, which are assessed on the purchase price, work out to about 2 per cent a year. Finance is available from the developers for 40 per cent of the purchase price, on a reducing balance over 10 years, at 3 per cent above base rate.

Jenny Pinder at Euro-Property Advisers in Salisbury, Wilts (0722-330 847) is the UK marketing agent for this development.

Another development recently completed which is likely to be popular with British investors, particularly golfers, is the Birdie Club, situated within the grounds of the Los Monteros Hotel, alongside an 18-hole championship golf course. There are 98 apartments, built around a central pool and landscaped gardens, many with stunning views over the golf course to the sea. Interiors are luxuriously appointed, with working fireplaces, air-conditioning/heating, entry 'phones and satellite TV, and all have floors and terraces tiled with Italian ivory-cream marble.

Two hotels will provide buyers with facilities, Los Monteros and Incosol, and membership of the Rio Real Golf Club is offered to residents at reduced rates. Facilities include: indoor-heated pool, health farm, tennis and squash courts, horse riding stables, with a variety of water sports at the beach.

Prices are from £75,000 for two bedrooms, rising to £260,000 for a duplex apartment with four bedrooms, two fireplaces, vast terraces and a roof-top barbecue area.

Candida Nicholson, of Overseas Residential Properties, has been appointed the sole UK selling agent for this development—The Barn, Beachwood Farm, Buckland Connon, Nr Tring, Herts (024029) 8152.

Close to the foothills of the Sierra Blanca mountains and only a mile or so from Marbella, brings you to a new residential complex with sedate charm. Casas del Senorio, is the latest and most sophisticated undertaking of Alcor Inmobiliarias, a division of the Spanish Banking Group—Banco Pastor. Casas del Senorio stands in four and a half hectares of gently undulating land, which slopes down through landscaped gardens, with gushing streams and fountains, until it reaches the sea.

The cool, white buildings, with elegant arches and terraces, have a distinctly "Arabian Nights" feel to them, and the countryards rustling with the gentle sound of water, certainly has a soothing effect. Notable features include the two large sun-terraces, allotted to each apartment, allowing owners to enjoy both the morning and the afternoon sun.

Security alarm systems are linked to a central office, and parking is included in the price—from £88,000 for two bedrooms, rising to £182,000 for a massive penthouse, with three bedrooms, three bathrooms, and superb views over the eucaluptus forest to the sea.

Discounts are available for those wishing to use the nearby Los Naranjos Golf Club, and the Club Nautica, at Puenta Romano, will suit the "wet-set."

Fincasol, with two offices in Marbella, and two in the UK, is the marketing agent for Casas del Senorio. Inquiries: Elizabeth Woods, Fincasol Limited, 4, Bridge Street, Salisbury, Wilts. (0722-26444).

For a modestly priced piece of Marbella—Bovis International, part of the P & O Group in the UK, is building 94 one and two bedroom units, as well as a few duplex apartments, selling at prices from £28,000 to £55,000.

Pueblo don Miguel is situated peacefully in the hills overlooking Marbella, not far from Mijas, and next door to the Aquarius Tennis and Sports Centre (offering owners one year's free membership).

The first phase of this development is expected to be completed by May 1987. Traditional features will include pitched roofs, terracotta floor tiles, brick colonades and ornate, wrought iron balustrades.

Duplex apartments, priced about £55,000, will have two bedrooms with baths ensuite, working fireplaces, and large terraces with timber pagodas, and barbeque areas.

Payments are made in five stages—£1,000 initial deposit, another 20 per cent payable upon contract, 30 per cent when the roof is on, 30 per cent at the plastering stage, and the final 20 per cent is paid on completion. Finance is available from the developers.

Further details from: Martin Sherrard, Bovis International, Liscartan House, 127, Sloane Street, London SW1 (01-730 0811).

One of the main beneficiaries of Spain's entry into the EEC, and the reopening of the border with Gibraltar, is the estate of Sotogrande. Prices here have already risen by 30 per cent and a further round of increases is expected.

Set in 4,500 acres of grassland, scattered with mimosa-fringed golf courses, Sotogrande is just 20 minutes drive away from the international airport of Gibraltar.

The facilities are legion. These include a church, doctor's surgery, school, supermarkets, shops and naturally, a first-class hotel—The Sotogrande Tennis Hotel. Sporting interests are well-catered for with championship golf course, tennis and squash courts, riding stables and a range of watersports.

Accommodation is varied. There are several resale villas and flats or you can opt for an individual villa, built to your own specifications. A three bedroom, detached house, with private pool and secluded gardens, would cost from about £150,000.

A new commercial centre is planned—and a number of big British companies are carrying out feasibility studies into the possibility of investment here. A well-known building society is said to have shown interest, and several British chain stores are considering opening branches in the area. The centre will have its own hospital, department stores, banks, restaurants, sporting facilities, offices and residential apartments.

Within the main estate are the new beachside apartments and riverside houses of Puerto Sotogrande. Surrounded by areas of natural beauty, this development has been designed to blend with the local environment. Apartments are low on rise and grand in style, with huge sun terraces, many enjoying spectacular views of the Rock of Gibraltar.

Work has started on the new marina complex. The marina of Puerto Sotogrande will be the first in from the Atlantic. There will be 1,800 berths, 25 per cent of which will be reserved for visitors. This complex will include apartments, shops, bars and restaurants. Prices start from about £27,000 for a studio apartment in the latest phase of the beachside homes. One bedroom flats sell for about £35,000 and two bedrooms cost about £45,000, while £350,000 will buy a four bedroom, split level penthouse, with private swimming pools on the terrace. Agents: Fincasol, and Euro-Property Advisers—based in Salisbury, Wilts, and Chestertons Overseas (01-937 7244) in London.

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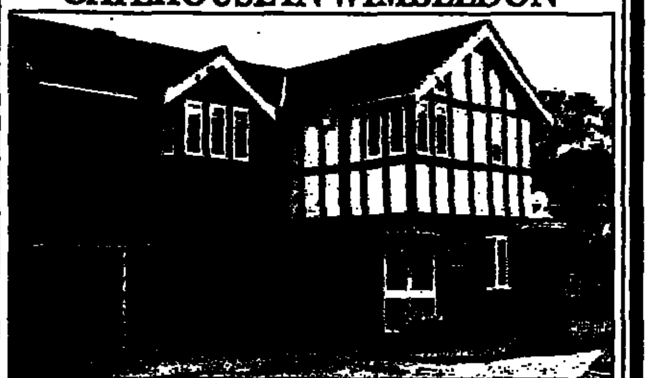

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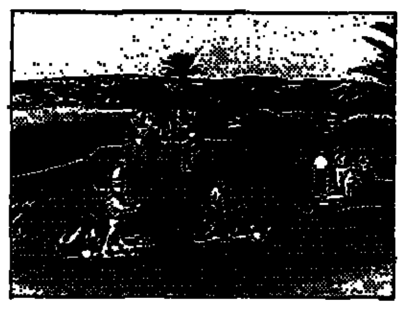

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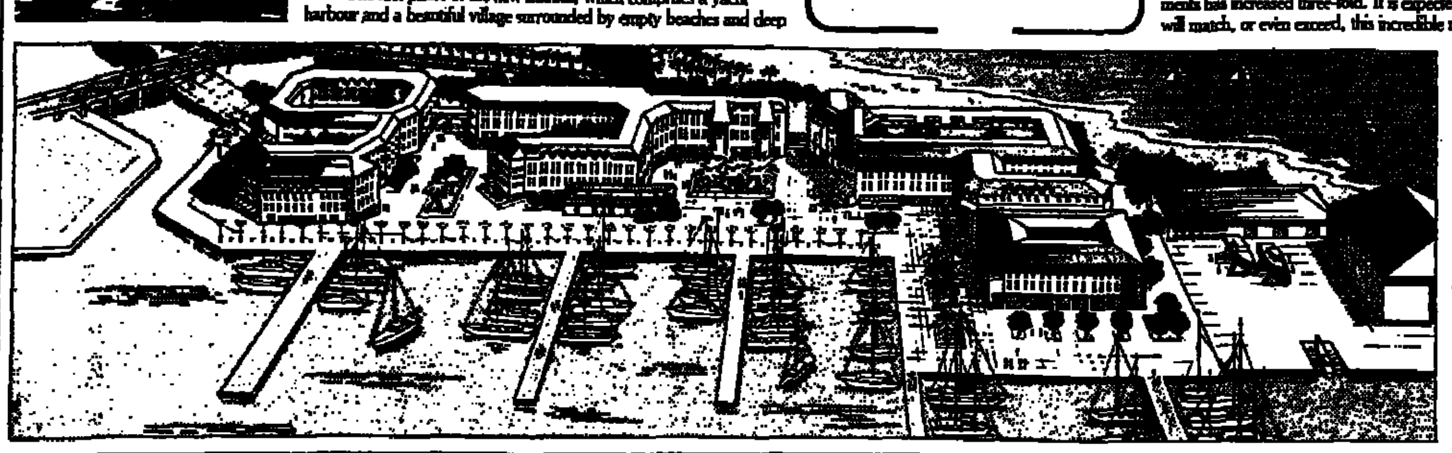

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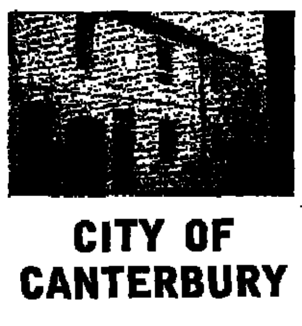

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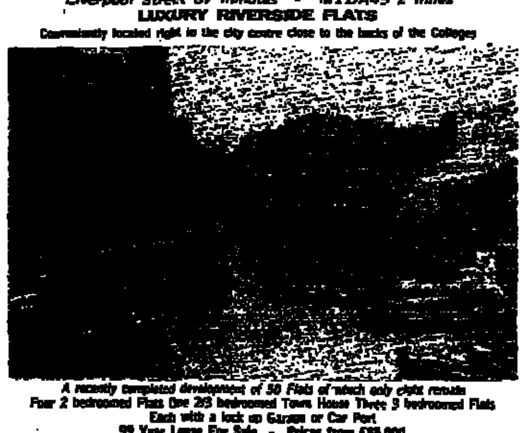

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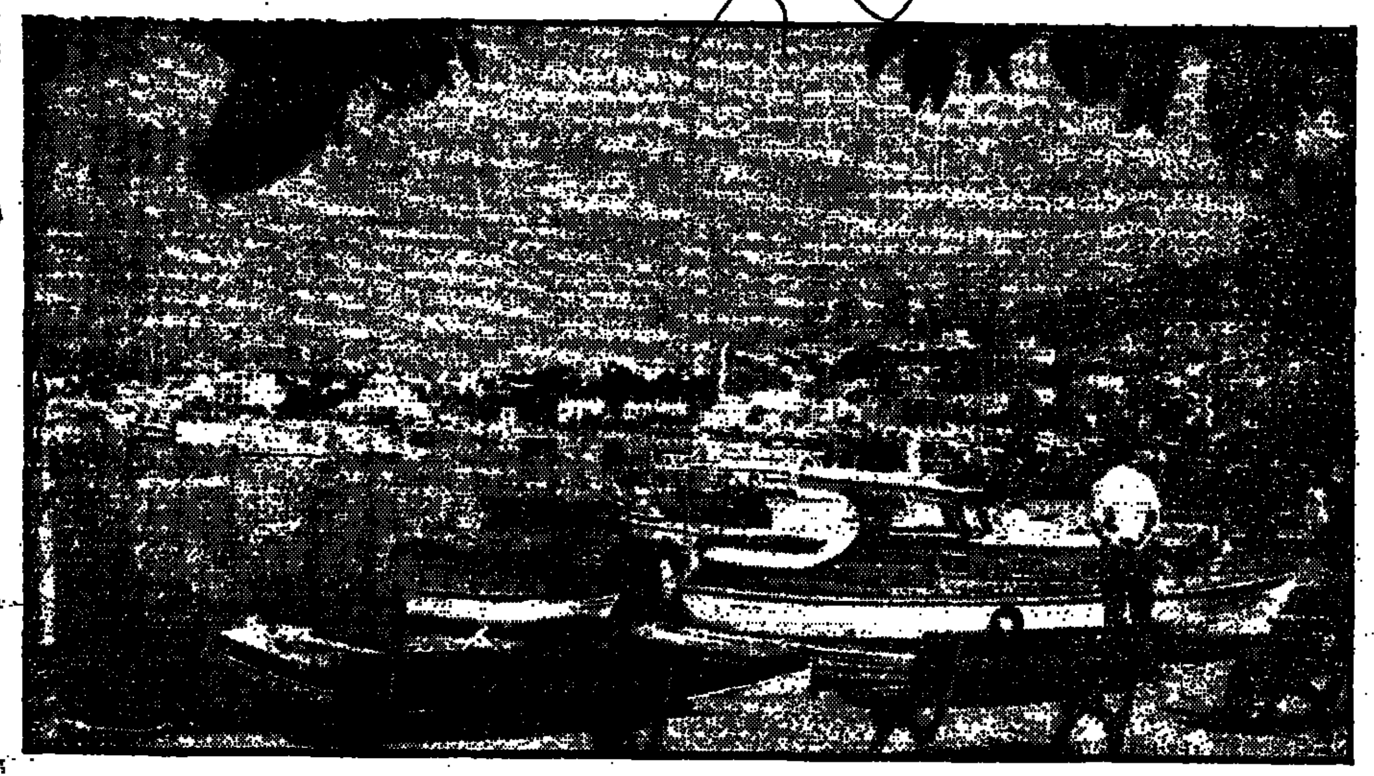


Historic Bodrum . . . still cheap with plenty of unrivalled ancient ruins just down the road

Jaunty Turkish delight

WHEN MAUSOLUS, a tyrant, died in 353 BC, his wife, who also happened to be his sister, thought he deserved a memorial. So she erected a mighty tomb on the hillside over-looking the town now known as Bodrum, in southern Turkey, where the Aegean Sea turns left to become the Mediterranean. Her effort was accepted as one of the wonders of the ancient world and a useful word was coined.

Over a thousand years later the Knights of St John made one of their last stands against the Ottomans at Bodrum, sacking the Mausoleum for its stone to build a mighty, but ineffective, castle. Little wonder that Bodrum, with such a decent history, should become the smart resort of Turkey. Is it Mick Jagger on that yacht? Oh, well, never mind.

Bodrum effortlessly fulfils both of the two major attractions of Turkey, which make it the constant hot tip as the next big holiday destination. (And, yes, 1987 really is going to be the breakthrough year). It has unrivalled historical remains: anyone bored by the thought of weeks lounging on beaches at least knows there is Ephesus, or Pergamon, or Xanthos just down the road. The other major attraction is that it is still remarkably cheap. In Bodrum, the restaurants crowding the marina offer fillet steak for under £1, and off the front prices are even lower.

It is a jaunty town, not yet cynical enough to rook the visitors who pour in by land and sea. Peasants sit huddled before half a dozen pomegranates or figs in the colour-crazy Friday market, while up on the castle sophistication has reached a level where bemused young girls wearing the cloaks of St John serve wine in the English Tower. (Each European nationality of Knights had its own tower, and the graffiti survives to prove it. The English is now used as a bar).

What Bodrum lacks is beaches within its bay, and luxury hotels. This need not matter because the best way to call is by boat. You can make your own way to Turkey and perhaps hire a crewed yacht for around £40 a day, but increasingly on offer are packaged holidays in which your accommodation is on board one of the traditional wooden boats of the region, known as *gulets*.

You pick up your *gulet*, with its four man crew, in Bodrum or in Marmaris, along the Mediterranean coast. In theory, you decide where to go; in practice the captain will get his own way. He will also provide the food, and, with your cash, stock the boat with liquor. It is a quite idyllic holiday — with some reservations. For a start, it helps if you are *very friendly with* seven other people. A typical *gulet* will have four tiny twin cabins, and although the weather is usually good enough for people to want to sleep under the stars on deck, there is a distinct lack of privacy down below.

There is also a limit to the amount of sunning, swimming off the boat, drinking, and general lotus eating that a body can absorb in a confined space. The best use of the *gulet* is in persuading the captain to call in at interesting spots along the coast, forcing your fellow cruisers to share a passion for archaeological sites. They are in good supply.

A few hours chug along the coast from Marmaris is the bay at Ekincik. The only building on the mountain side is an ambitious restaurant, which offers a change from the basic cuisine of the ship's cook (although you have to pay *about £3 a head for your spread of mezes*, meat balls, fruits and wines). At Ekincik you can pick up a sea-taxi, which takes you round the headland for one of the most diverting day excursions imaginable.

You start with the remains of Caunus, a mighty city until malaria cleared out the population a millenium or so ago. Slowly, archaeologists are uncovering a Roman amphitheatre, a Byzantine church, and a Hellenistic city, with temples, baths and a market place. Back to the boat for a rather creepy glide through a landscape of reeds, transposed from an African savannah, edging towards strange temples cut high into the surrounding cliffs—the tombs of Carian chieftains of 2500 years ago. On and on till a vast inland lake is reached, teaming with wild life. Close by are sulphur baths—and the river-side bars of modern Dalyan. Then, it is back to the boat for *snorkelling, swapping* hymns for the ululating love songs of the Turk at the helm as night falls suddenly.

The coastline is untouched, revealing strips of sand poised to welcome the hotel which will desecrate them. But the *gulets* will drop anchor for the night in coves where there is a bar at least. So you can row ashore to meet the fellow British at bay. For this is the part of Turkey favoured by nautical yuppies, and the strong silent members of smart south-coast yacht clubs, as well as pop millionaires.

Marmaris, doomed to be the largest marina of the Mediterranean by 1990, has a more raffish feel than Bodrum, with its bargain leather shops, dubious carpet dealers and fantastic buys in sponges, Lacoste shirts, and honey. Another port of call must be Olu Deniz, not just because of its white scythe of a beach and pounding night life, but because it is convenient for Xanthos, one of the major classical sites near the coast. It was the town of the Lycian people, doomed to disappear through pride: they defied stronger aggressors, like the Persians, and were massacred to a man (presumably a woman or two survived).

This is now one heap of half hidden stones, which does touch the senses. Xanthos was built on a precipice overlooking a river that really did flow with blood. Tombs, reliefs and amphitheatre remain, but most of its history has still to be uncovered. Like many Turkish sites, the best bits are in the British Museum: go and see the mighty temple from Xanthos, which was reckoned to be as impressive as the Elgin marbles when it reached London in the 1840s: it has its own room in the museum.

To re-see it after climbing the desolate site it once occupied in a far land is to get a very personal perspective on Turkey, a country which has had waves of invaders but, until now, has resisted the modern tourist, resisted with antagonism but with enough pride not to let holiday-makers upset its ways. The tour operators, *led by* Sun-Med, which is offering the *gulet* from an inclusive £299 per person a week in April, to £389 a week in peak season, are sensitive about this vast potential, easing its few resorts gently into their brochures. Lack of hotels means that most visitors either stay cheaply in village houses or live on the boats. Spoliation is some way off.

Not everything is perfect on the Turkish southern coast. The food is usually better in restaurants than hotels, with *mezes*—a dozen small dishes of everything from spiced yoghurt to squid to aubergines to *borek* (delicious fried cheese)—the top buy. But many tourists are brought low for a few days during their holiday through eating this kind of food. Car hire is rather expensive and accommodation in the houses can be claustrophobic. A two centre holiday, combining a resort like Bodrum or Olu Deniz (best for the young), with a week's gentle cruising, would be the ideal initiation. And getting out into the countryside is a must—within 10 miles of the coast there is a rural life with medieval values still thriving.

Antony Thorncroft

TURKEY is still remarkably cheap—accommodation starts at £3 a night (without breakfast), settles at around £14, and very rarely tops £40 at luxury hotels. Meals are around £4, but more in Bodrum you can eat well for £1.50.

The leading tour operator, and now big in gulets, is SunMed, but Lancaster and Horizon are also active. Small World concentrates on sailing holidays. There are few good books on Turkey but George Bean's series on the cultural sites is comprehensive. More information from the Turkish Tourist Office—01-734 8681.

Jag for Car of the Year

WITH ALL the international shows out of the way, motor manufacturers' thoughts have now turned to the question: who will win Car of the Year?

There are a lot of "best car" awards, including the "Top Car" chosen by Britain's Guild of Motoring Writers but the best known is "Car of the Year." This is run by a consortium of European newspapers and magazines and is decided by an international jury of more than 50 people.

"Car of the Year" award is prized by a manufacturer but it does not always mean that the winner is going to be a commercial success, or even that it is a very good car. There have been several disappointing ones in the past, the Rover SD-1 and Chrysler/Talbot Horizon among them.

Not all members of the jury vote with total objectivity. National feelings influence the outcome much more than they should. Despite its shortcomings, however, "Car of the Year" means more than any of the other awards, even if last year's jury did put the Lancia Y10 ahead of the Mercedes 200-300 series cars as runner-up to the winning Ford Granada!

Some years there are so few eligible models that it hardly seems worth having the competition but that cannot be said of this year's entry.

Any one of five new cars — the Jaguar XJ-6, BMW 7-Series, Audi 80, Rover 800 and the Citroen AX — would be a worthy winner and one of them must get the coveted award. But which?

Both the new Jaguars (and their Sovereign and Daimler variants) and the new BMW 7-Series are so like the cars that went before them that at a casual glance it is quite difficult to see the difference. They appeal to a fairly conservative kind of buyer who prefers evolution to revolution, which is just as well — the cost of developing a radically new luxury saloon defies description.

I think the Jaguars will win more votes than the BMW, mainly because they have new engines to go with their advanced electronics. The BMW's in-line 3-litre and 3.5 litre sixes are from the old 7-Series cars. If only BMW's V12 had been ready in time for 1987 Car of the Year it might have been a different story.

The Rover 800 will, I am sure, lose some votes because it was conceived as a joint project with Honda. Though the jury is well aware of the merit of Japanese cars and even voted the Honda Accord into fourth place last time, the Japanese are feared as well as respected in Europe. That will show in the result.

If the jury feels the award should go to a small car, not a large and fairly thirsty luxury saloon, the little Citroen AX must end high up in the results. Everything about it is new, including the ultra-economical engines, and it has been designed by computers to be made very cheaply by robots. Commercially, it may be the most significant of this year's crop of new cars.

The Audi 80 will pick up points for its distinctive, aerodynamically effective styling, the ingenious steering wheel retractor that protects a driver from injury in a severe crash, and the availability of quattro permanent four-wheel drive with self-locking central differential.

A sixth new car likely to be well placed in "Car of the Year" is the Renault 21. It will not win because its appeal is to the chequebook, not a jury. Renault can afford to be philosophical about missing the award because the 21 is selling well anyway. And it will remember that winning "Car of the Year" with the Renault 9 a few years ago did nothing to prevent it being a dead loss in the showroom.

Making up the top 10 will, I suspect, be the Ford Sierra Cosworth, the Volvo 480ES coupe and the Fiat Croma.

But which will be first? Were it possible to bet on the result my money would be on the Jaguar, which I would link in a three-car forecast with the BMW 7-Series and Citroen AX. I think the Audi 80 and Rover 800 may jostle for fourth and *fifth places* though the Renault 21 could beat either of them to it. The nail biting will be ended by the middle of the month.

Stuart Marshall

Range Rover lacks appeal

FOR MOST Range Rover owners, the normal V8's power is enough. But towing a heavy trailer — or forcing its bluff shape into the teeth of a gale on a motorway — can reveal the need for a bit more muscle. This is where Jansped Engineering of Salisbury (0722 21833) comes in with a turbo conversion that increases engine output by nearly 80 per cent to 220 horsepower.

Nothing much happens until 2,500 rpm. Then the turbo gives a hefty boost to acceleration, especially between 50 and 70 mph in fourth and 70 to 90 mph in fifth gears. There is less need to change down on long hills and this must account for the 16 mpg I averaged.

I had expected worse. Much of my mileage was at business motoring speeds between London and Birmingham, leaving the M1 and its contraflows near Northampton for the relative peace of the A45. I doubt that a normal Range Rover would have done better and I would certainly have had to make more use of its disagreeably heavy gearbox.

The turbo is almost silent. There is a faint whine as engine revolutions rise, and a curious noise like a steam engine sighing if you lift off suddenly while accelerating hard. The turbo has a civilising *influence on the rugged* Range Rover, but whether it is worth the best part of £2,000 extra is for an owner to decide.

I have to admit every time I use a Range Rover as one would a conventional car, I find its appeal more elusive. By cross-country vehicle standards it has a wonderful ride; but compared with, shall we say, an Audi Avant quattro estate, the comfort is unimpressive.

Roadholding is secure but the handling is elephantine, as one would expect of a high slung car designed to cross deserts or climb mountains. The power-assisted steering is fine and, despite its bulk, it is not difficult to park because the view from the driving seat is commanding. But I really cannot see the point in having a Range Rover to use only as a runabout-cum-motorway express, which is what so many owners seem to do with them.

What the 16-year-old Range Rover needs is further development, especially to the transmission. Yes, I know it works wonderfully well across *rough terrain. But it is pretty* awful on the road with its whining transfer box, heavy clutch and clumsy gearshift. It often crunches noisily into reverse, which is embarrassingly close in the gate to first gear.

I shall make no friends for saying so, but *I* think a golden opportunity was lost when the politicians took fright and stopped General Motors from bidding for Land Rover Limited. With GM's resources, *the Range Rover could have* been updated and made once again what it used to be—the best thing of its kind in the world.

Now, it reminds me of a grand hotel that still charges the earth even though its standards have fallen. It gets away with high prices because no one wants to be the first to say that the old place is not what it used to be.

Anyone who feels the need to have a Range Rover as a road-going estate car would do well to find the extra £1,038 for the new four-speed automatic transmission. A two-pedal Range Rover is a much nicer vehicle to drive.

S. M.

BRIDGE

YOU WILL FIND much to entertain you, and much to test your powers of analysis, in Hugh Kelsey's latest book, *Bridge Wizardry* (Methuen £8.95).

We start with teams-of-four:

```
              N
          ♠ A K J 10 3
          ♡ Q 4
          ◇ K 9 8 5 2
          ♣ 7
    W.                E
♠ 8               ♠ 9 7 6 4 2
♡ A 10 8 3        ♡ 7 5
◇ Q J 4           ◇ 7 6 3
♣ J 8 5 3 2       ♣ A K 6
              S
          ♠ Q 5
          ♡ K J 9 6 2
          ◇ A 10
          ♣ Q 10 9 4
```

At game all West dealt, and North opened the bidding with one spade, South replied with two hearts, and North rebid two spades. South now said two no trumps, North bid three diamonds, and South's three no trumps concluded the auction.

West led the three of clubs, East cashed king and ace, and a third club was won by the Queen. The declarer led a heart in the hope that East had the ace, but West produced the ace at once, and defeated the contract with two more clubs.

In the other room South was in the same contract, and received the same lead.

The first three tricks were the same, but after taking his queen of clubs, the declarer decided to run five spade winners. He knew that, even if there was no actual squeeze, forcing discards could on occasions cause acute embarrassment to the defence, so he ran off dummy's spades, discarding two hearts and a club from hand. West was able to part with three hearts without discomfort, but the fifth spade put *him in deep trouble.* If he threw a club, declarer would be able to dislodge the ace of hearts without danger, so he threw a diamond, hoping that East might hold the ten. The hope did not materialise, and South made three diamonds for his contract.

The next hand illustrates Morton's Fork:

```
              N
          ♠ K 9
          ♡ Q 10 3
          ◇ K 9 4
          ♣ Q 10 9 5 4
    W                 E
♠ 7 4 2           ♠ 8 3
♡ K 6 5 4         ♡ 8 7 2
◇ A Q J 10 2      ◇ 8 6 5 3
♣ A               ♣ K 7 6 2
              S
          ♠ A Q J 10 6 5
          ♡ A J 9
          ◇ 7
          ♣ J 8 3
```

With both sides vulnerable, South dealt and bid one spade, and West overcalled with two diamonds.

North had a slight problem, but he decided to bid two no trumps, and South jumped to four spades.

West started with the ace of clubs, then switched to the ace of diamonds, followed by the queen. It is usually right for the declarer not to take an *early discard until he knows* the right card to throw. The winning line is to play low from the table, ruff the diamond queen in hand, and draw trumps in three rounds, throwing a club from the table.

The declarer leads his knave of clubs, and overtakes with the queen on the table. East is now impaled on Morton's Fork. If he holds up, South can discard his other club on the diamond king, and then take the heart finesse, certain of ten tricks even if it loses. If East takes his king of clubs at once *and returns* a heart, South refuses the finesse, takes his ace, crosses to the ten of clubs, and throws his heart losers on the king of diamonds and the nine of clubs.

The opening lead of the ace of clubs was a mistake—it loses a vital tempo. If West starts with ace and queen of diamonds, the contract will be defeated. When West takes his ace of clubs, another diamond will force South to take a discard before he is ready for it.

E. P. C. Cotter

CHESS

TWENTY years ago, improbably, the coming nation of world chess was Cuba. *It was a minor by-product of* the revolution, a plan to establish a generation of Caribbean grandmasters on the Soviet model. Fidel Castro himself presented the awards at the annual Capablanca invitations in Havana. Che Guevara, his revolver prominently sticking out from its holster, visited the tournaments nearly every day and played blitz chess with the overseas GMs.

The zenith of the Cuban boom was the extravagant Havana 1966 olympiad, the world team championship. Teams were greeted with free rum at the airport. The hijacked Havana Hilton, renamed the Havana Libre, provided the most opulent setting ever for an olympiad. Key moments are preserved in an illustrated, lavishly produced tournament book. Despite State Department doubts the Americans came, and Bobby Fischer battled for the top board gold medal with the then world champion Petrosian.

Guevara

On the day that the US met the USSR, Fischer was due for the white pieces, Petrosian chickened out, and Boris Spassky took the No 1 board. The game—a draw after missed chances on both sides—attracted a capacity audience. Special demonstration boards were erected in Havana's main streets and squares.

With growing economic problems, Cuba never mounted another chess event on the scale of 1966. There were some young grandmasters, but Castro's dream of discovering a new Capablanca was unfulfilled.

Ironically in 1986, with Cuba again a minor chess power, it found a world champion. Walter Arencibia, an unknown player competing against experienced rivals, took the world junior (under-20) title in Norway, overhauling the Russian in the final round.

England's James Howell, runner-up for the European title, missed a medal but won the brilliancy of the event:

White: J. C. Howell (England)
Black: M. Wahls (W. Germany)
Sicilian Defence (world junior 1986)

1 P-K4, P-QB4; 2 N-KB3, N-QB3; 3 P-Q4, PxP; 4 NxP, P-K3; 5 N-QB3, P-Q3; 6 B-K3, N-B3; 7 B-QB4, B-K2; 8 Q-K2, P-QR3; 9 0-0-0, 0-0; 10 B-N3, Q-K1; 11 KR-N1, N-Q2; 12 P-KN4, NB4; 13 P-N5, P-N4; 14 NxN, NxB ch; 15 RPxN, QxN; 16 B-Q4, P-N5; 17 Q-R5!

As often in sharp variations of the Sicilian Defence, book theory extends well into the middle game. A Russian analysis here gives 17 . . . PxN; 18 B-B6, R-K1; 19 Q-R6, B-B1! as good for Black, but the young players worked out that 18 *Q-R6! wins for White since if* P-K4; 19 BxKP, PxB; 20 QxQ, or 18 . . . PxQ; 19 PxP dis ch and mate.

17 . . . B-N2; 18 N-Q5! PxN; 19 R-Q3, KR-B1; 20 P-QB3, PxKP; 21 R-R3, K-B1; 22 P-N6! BPxP; 23 QxRP, K-K1; 24 RxP, PxP; 25 Q-N8 ch, K-Q2; 26 Q-K6 ch, K-Q1; 27 PxP, B-B1 (K-B2 holds out longer); 28 Q-B7, B-K2; 29 QxB ch! KxQ; 30 RxP ch, Resigns.

A fine queen sacrifice, every player's dream. If K-K3; 31 R-R6 ch with mater after K-B4; 32 R-KB6 or K-Q4; 32 R-KN5. If 30 . . . K-Q1; 31 B-N6 ch!

PROBLEM No 644

BLACK (5 men)

WHITE (4 men)

White to move; what result? White is a pawn down, and though the black king is exposed it looks difficult to take advantage. 1 Q-R4 ch, K-N2; 2 Q-R7 ch, K-B1? 3 Q-R8 is mate but Black can reply 2 . . . K-B3 or earlier 1 . . . K-Q4.

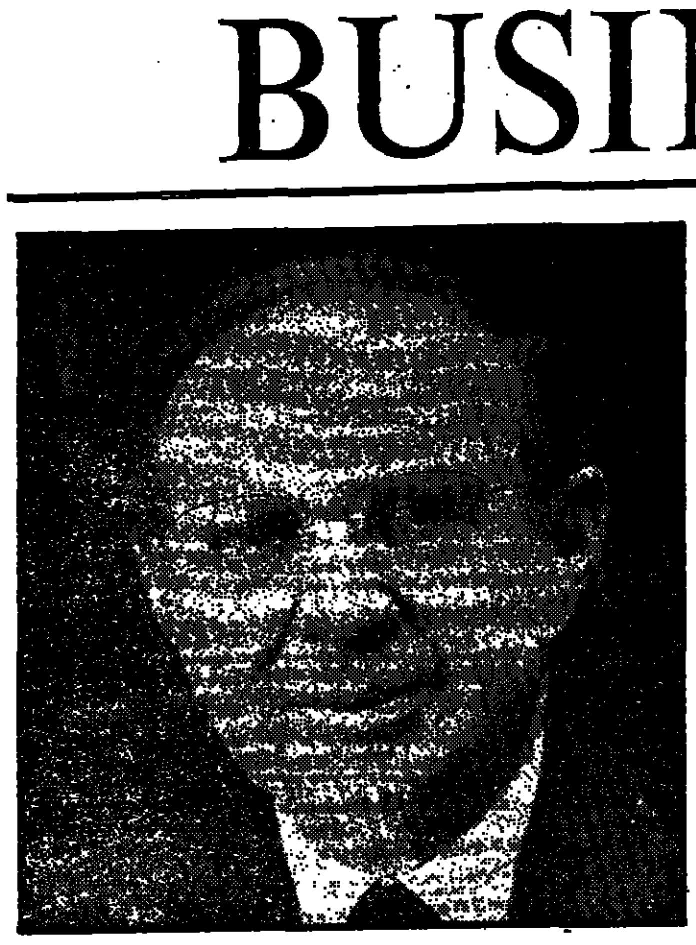
Solution: Page XXI

Leonard Barden

هكذا من الأصل

•WEEKEND FT REPORT•

BUSINESS BOOKS



Henry Kaufman: uncanny abilities

The man whose word stops bond markets

INTEREST RATES, THE MARKETS and THE NEW FINANCIAL WORLD
By Henry Kaufman
I. B. Tauris and Co
258pp. £19.50.

TO BE known as a man whose word can stop the bond markets in their tracks is not necessarily a blessing. Henry Kaufman's reputation as a mover of markets has perhaps outlived the reality. It is one of the charms of the Kaufman "summa" — *Interest Rates, the Markets, and the New Financial World* — that the sage of Salomon Brothers *explains in some* detail why this should be so.

That uncanny ability to call the cyclical turns of the US bond market was, to a great extent, based on forecasting credit flows through the rigid structure of the US markets in the days before they were unhinged by deregulation, monetarism, and financial innovation.

In the old days (roughly speaking, the years before Mr Volcker's arrival at the Federal Reserve) interest rate forecasting could, in theory, be tuned to a remarkably high pitch by those who were prepared to make independent estimates of the supply of paper and of the cash that was chasing it. This was not necromancy — but it sure was profitable.

In the new era, the whole approach has had to be stood on its head, starting with a structure of rates and working back to the probable credit flows. This reversal is sound—and perhaps the only way to go, in the changed structure of markets — but not so exciting.

Though Dr Kaufman has not previously gathered his views into a single volume, most of what appears here is, of course, *familiar to readers of Salomon's* research notes. His main themes have been laid out very much as they are seen in this book: the overwhelming growth in US public debt, the erosion of credit quality in the corporate sector, the expansion of bank assets through margin lending, the explosion of non-bank lending through the availability of floating rate funds, and the illusory shedding of system-wide credit risk through securitisation.

These are not trivial problems for a believer in (fairly) sound money and a stable democratic capitalism. The structural weakening of the US financial system has, Dr Kaufman concedes, some positive aspects: innovation is necessary to mobilise capital in a way that can enable the American economy to repeat its historic achievement of taking oppressed populations from the ghetto to the two-car suburbs.

But Dr Kaufman's perspective also embraces a childhood shadowed by the Weimar inflation and flight from Hitler. With a graphic sense of what can follow from letting slip the integrity of credit, it is not surprising *that he stresses the* dangers in recent financial developments rather than their presumed virtues.

It is a justification for the book, if any were needed, to have set a well-established technical viewpoint in the political philosophy from which it springs. Under the deregulated regime, a credit crunch is no longer a threat. But it can do the US legislature, and the new generation of entrepreneurial leverage artists, no harm to think about the consequences of a crash.

Jeremy Stone

Beware the share jungle

HOW TO MAKE A KILLING IN THE SHARE JUNGLE
By Michael Walters.
Sidgwick and Jackson £5.95.

SOME BOOKS should carry a "this can damage your wealth warning." As the title makes clear, Michael Walters, deputy city editor of the Daily Mail, has a definite target in mind for his book. It is the small private investor, who as a result of the Government's moves to encourage wider share ownership, is being attracted to the stock market for the first time.

The easy pickings made on the privatisation issues—like British Telecom—have laid the groundwork in already greatly increasing the number and expectations of private shareholders. The tax concessions offered by the Personal Equity Plan to be launched in January will provide a further strong incentive to dabble in the stock market.

So Mr Walters's book is very timely and is likely to find a very receptive audience, especially as it is written in the short, sharp, easy to understand phrases used by financial journalists on the "popular" newspapers to cut through the City jargon. Simplification of this kind certainly helps to improve readability.

Pitched very much at the beginner starting from basics such as "what is a share," the book does give a clear explanation of many of the mysteries of the City that may be appreciated by the more sophisticated investors too.

But it is also somewhat hair raising. There are, it is true, some cautionary tales about disastrous investments. However, the simple message being put over with great confidence is that the City is rich for plucking by the private investor, even the newcomer, providing they read the book.

"Commit every line, every comma of this book to heart, and you will be on the way to make a killing in the share jungle," proclaims the modest Mr Walters.

Fleet Street's leading share tipster, as he is described, in revealing the secrets of his success never exactly explains why he is still working for a living and not basking in some sunny climes hoarding his investment riches.

The first secret of success, according to Chapter 1, is to "accentuate the positive, eliminate the negative." If this sounds a bit like one of those earnest American books on how to improve your happiness and contentment, Mr Walters then goes on to do just that and in a very convincing manner.

All aspects of the City are covered in an incisive way. By Chapter 4 "your basic share jungle survival kit" is in place and "you are ready to make your killing." To be fair the next 10 chapters contain some very useful information and explanations, salted with positive advice and views. It all seems so simple and one can see the small, new investor licking his lips to get in on the act. Unfortunately the book doesn't point out that it is normally the small animals who are the main prey in the jungle.

John Edwards

The creative art of accounting

CREATIVE ACCOUNTING
By Ian Griffiths
Sidgwick and Jackson
190pp, £9.95.

ONE OF the mysteries of the securities *market is* that analysts go to such lengths to forecast the results of companies with great precision, given that the quality and reliability of the earnings statements, when they arrive, is generally so low.

Ian Griffiths lists an impressive number of ways in which creative accounting can be brought to bear. His book is well put together. But it has to be said that little in it is exactly new and it does not really explain why the sophisticated financial markets put up with information from companies which is not of the highest standard.

One answer is that shareholders, as well as managements, may see it as being in their interests that the figures should be massaged. Higher and less volatile earnings should result in a higher share price. Certainly shareholders showed little desire to be told the less flattering current cost figures before they were dropped from company reports. They much preferred to live in a fools' paradise.

A second possible explanation is that the professional investment analysts are more interested in gaining exclusive insights into companies than in crunching the published numbers in the accounts.

Personal contacts with managements are therefore essential but they are not aided by a critical stance to company accounting principles. So a potentially important user lobby is gagged and feeble.

Meanwhile, the auditors, as Ian Griffiths points out, are becoming more and more commercial in their outlook, which makes it improbable that any major crackdown on creative accounting will come from that direction, though to be fair the auditors do set limits.

One area in which the massaging of figures has important effects is in takeovers, where the ability of conglomerates to juggle their profits and create smooth earnings progressions is an important explanation of the phenomenon of megabids. The author might have had more to say *about this subject.*

He is stronger on off-balance sheet accounting, where schemes are now marketed routinely by merchant banks as part of their innovative financing services. The Institute of Chartered Accountants is alarmed, and the somewhat ineffective accounting standards apparatus is likely to be beefed up in this respect.

As Ian Griffiths points out, tougher enforcement is the only answer to the problem of creative accounting. A straw in the wind is that the Institute has actually begun to monitor blatant cases, which is not yet the same as taking action on them.

They might be wise to do so in the context of the new Financial Services legislation and the creation of the Securities and Investments Board, not to mention the new EEC pressure over the Eighth Directive.

The Germanic tradition has been that company accounts should be tightly and legalistically drawn up, even though the final result might be irrelevant to any user's need. The British "true and fair" approach, in contrast, has put substance above form, but if the flexibility that this requires is used to aid manipulation it must be counterproductive.

If companies and their auditors cannot be trusted to publish honest figures then it might be better to place the emphasis on disclosure (an area where British accounts are often very poor) rather than measurement and let users work out for themselves what the relevant earnings and asset totals are.

Then, perhaps, those City analysts would start reading the annual reports again. They could start by reading this book.

Barry Riley

BOOKS OF THE MONTH

Plain sense about delegation

DON'T DO, DELEGATE
By James Jenks & John Kelly.
Kogan Page, £12.95

IT HAS been said that the art of being a management guru lies not so much in creating wonderful new concepts as in repackaging old ones in startling new ways.

If that is true, then James Jenks and John Kelly—if judged by the standards of their latest offering, Don't Do, Delegate—count as half gurus. For their book is certainly a fair repackaging of all the old truisms about how managers can win life's battles by surrounding themselves with carefully chosen recruits. But there is certainly nothing startling about it.

At best, it makes a useful handbook for anybody who feels that they could get more out of what matters in the office by shedding more of what does not to subordinates. Here Jenks and Kelly provide a fund of practical detail on why delegation can be valuable to managers, their staff and organisations and how this important process can be controlled.

Delegation, they remind the reader, can multiply productivity by making it easier for appropriately qualified people to do the right work, thereby improving job satisfaction all round and leaving top managers' hands free to tackle projects of strategic significance. Do not, for instance, leave it to department heads to sort out their own mail when their secretaries might actually enjoy that task.

Thus far, Jenks and Kelly are about as controversial as apple pie. They do, however, have a few interesting words of advice for hard pressed managers who might have doubts about the wisdom of delegating and in particular are worried about the competence of their "delegates." Analyse your fears realistically, advise the authors, and the possible consequences of a slip-up by your helper will become less frightening. What they do not say is that depends on the nature of the job being delegated.

In any case, the most likely alternative to this kind of anxiety is envy over subordinates' ability to handle the challenging tasks handed down to them. Conquer that one, and you could always succumb to the fear of the unknown, another hazard that goes with delegating one's powers. But then, as Jenks and Kelly point out, who said management was easy?

There is, however, one respect in which this book risks departing from the common, if unexciting, good sense which pervades most of its pages. It is in danger of making over-ambitious claims for the subject. No one can doubt that delegating can be a valuable aid to building smoother and happier organisations.

Yet is might be stretching a point to suggest as Jenks and Kelly do that: "All American auto companies lost the sub-compact car market to foreign manufacturers for failure to delegate responsibility and authority to eager young engineers who could have beaten back the threat."

Surely, any winners in the battle for that market came on top for a whole host of reasons, of which their ability to delegate—if any—formed just a small part. The point is that delegation is all very well, but of limited value unless it is somehow related, as this book fails to relate it very clearly, to a range of much broader management disciplines.

William Dawkins

Secrets of the Street-wise

TRADING SECRETS
By R. Foster Winans.
St Martin's Press, New York. 320pp, $17.95

MR WINANS is the Wall Street Journal reporter who caused a scandal in 1984 by teaming up with a broker to buy and sell stocks using advance knowledge of market comments that were to appear in the Journal. This book is his version of the story.

It is an absorbing — but unsettling tale. It tells how a naive young reporter from New Jersey got a job with Dow Jones, the company that publishes the Journal, knowing little or nothing about Wall Street, and rose to co-write "Heard on the Street," the paper's highly influential stock market column. But Winan's promising career was clouded by debt (partly because he supported a male lover) and he succumbed to the temptation offered by a glamorous but likewise money-strapped broker to trade in advance of the comments he himself had written for the next day's edition.

Their unusual trading patterns quickly alerted the authorities, and an investigation by the SEC led to charges of fraud, and thence to conviction and a jail sentence. Ironically, the trading was much less successful than Winans and his fast-talking accomplice had hoped, and he made a profit of only $30,000. "I was hoping you had a million bucks in a Swiss account," said a disappointed friend.

The book has all the pace and colour of a bookstall paperback, and is written with surprisingly little bitterness or self-pity, probably because Mr Winans purged himself in the course of an emotional four-week trial. But its very readability tends to divert one from the more substantial issues raised by the Winans case.

Plainly what he did was wrong. But what crime did Winans actually commit? There is no law which says that advance knowledge of what appears in a newspaper amounts to "insider information," which was the basis on which the SEC won its conviction for securities fraud. Shortly after Winans had been convicted the US Department of Commerce declined to prosecute employees who misused prior knowledge of sensitive government statistics because there was no law against it.

Unless Winans can get the conviction reversed on appeal (which has yet to be heard), this case would imply that journalists' opinions about a stock amount to information which may only be disseminated in a fashion approved and regulated by the SEC. That cannot be right. What of stockbrokers who trade on the basis of a report by an influential in-house analyst which has not yet been sent out to clients? Winans' own theory is that he was prosecuted "to prove the cops are on the beat."

The real issue here has to do with the enforcement of proper professional ethics. The Journal, like all business publications, has a code of conduct which forbids its employees to abuse the information they acquire in the course of their work. The pain is instant dismissal. Although Winans claims he was never actually given a copy of the code, he plainly knew that his actions were unethical because he admits he betrayed the profession.

Unfortunately, ethics are fragile things, and employees often need some encouragement to adhere to them. If Winans' account is to be believed, the Journal's management might have spared themselves the scandal if they had paid more heed to his evident signs of distress and his complaints about low pay (he was earning much less than his colleague on the "Heard" column). His account is coloured, of course, but the lessons for management are obvious.

David Lascelles

Changing City explained

BIG BANG
By Ian Kerr.
Euromoney Publications.
180pp, £42
THE BIG BANG, AN INVESTOR'S GUIDE TO THE CHANGING CITY
By William Key.
Weidenfeld & Nicolson.
196pp, £9.95
THE BIG BANG
By W. A. Thomas.
Philip Alan.
THE BIG BANG
By Guy Galletly and Nicholas Ritchie.
Northcote House.
128pp, £4.95

THE TITLE "Big Bang," with *its cosmological* associations, already imparts such a high degree of drama to the changes taking place in the City of London that it has clearly proved too difficult to better as a book title.

But, despite the similarity of their titles, each of the four books under review is seeking to cater for a different type of reader with varying degrees of success.

The Ian Kerr book is the most ambitious and the most stricken by identity crisis. The designers conceived it as a coffee-table book with many expansive colour charts, historical drawings and contemporary photographs of individuals in revealing poses. The historical introduction, rich with anecdotes and analogies with the present-day which all the other books lack, is in keeping with the image.

The rest of the book, however, degenerates into something of a propagandist tract for the Eurobond market, in which the author, an executive director of Kidder Peabody, is a participant. The standard critique of the Stock Exchange and its members for failing to move into Eurobonds is followed by a highly technical chapter on the workings of the Euromarkets. hardly coffee-table stuff. Some of the comments on the corporate strategies of the new City firms are perceptive, while others have already been overtaken by events.

But there is no mention whatsoever of the most interesting aspect of the Euromarkets, their anonymous investors and the extent to which their bearer bonds represent the fruits of tax evasion in the developed world and corruption in the third world. This was presumably considered too sensitive.

The upshot of the author's uncritical approach is that any measure which causes inconvenience to the Euromarkets, such as the Financial Services Bill, is deemed to be against the national good.

The real lack of credibility and objectivity of the book becomes apparent in the final "sponsors" section, in which each of the eight financial institutions sponsoring the book writes a chapter about itself. The selling price of £42 was apparently not considered sufficient remuneration without resorting to 32 pages of corporate advertising disguised as an intrinsic part of the text.

The William Kay book is *probably the best of the* bunch for the non-practitioners interested in the City. The explanations are clear, although charts and illustrations would have helped, and the comments on the City's newcomers, from foreign financial conglomerates to the new UK small shareholders, are full of insight. There is, however, a strange lack of interest in the stances and strategies of the Stock Exchange members.

The weakest section of the book is the last three chapters which attempts to grapple with a completely different subject, how to evaluate, and invest in, securities. After drawing a misleading analogy between fruit stalls and securities markets, the author whizzes through explantations of the different types of securities, bonds, shares and options. This is followed by an equally superficial account of how to analyse balance sheets and profit and loss accounts. But then pages and pages are devoted to such intricacies as the point and figure and momentum analyses of share price movements, which have never achieved more than a specialist appeal.

The Thomas book is a fairly conventional and solid run-through the different aspects of the changes in the City, with few of the insights or original perspectives one might have expected from a university economics lecturer.

The Galletly and Ritchie is the most easily accessible of the four and targeted at the general reader. Each of its chapters is short, digestible and covers a lot of ground. But the language is uneven, veering between simple prose and specialist jargon.

Clive Wolman

Many questions but too few answers

UNEASY CITY
By Frank Welsh
Weidenfeld and Nicolson
£12.95.

IT IS hard to know quite why Frank Welsh wrote Uneasy City. The theme—change in the City and the resulting problems —is not original. As a history book it is inadequate. Scandals old and new, events such as the birth of the Eurodollar market and the arrival of the contested takeover, have been more thoroughly tackled elsewhere.

Nor does it satisfy as a personal memoir—the author seems never to have been quite inside enough to reveal the innermost of City secrets, *though he does achieve the bias* that can be the unfortunate by-product of such books. Most importantly, the book describes all the well-known questions without providing any answers.

The City, we are told, has survived, indeed thrived on change in the past. But "what differentiates the coming storm-clouds from the past is their size and international complexity." We discover, for instance, that the banks' international lending spree in the seventies is now putting a strain on bank balance sheets which will be aggravated by including off-balance sheet risks in capital ratios.

There would be no harm in reminding readers of this if the description led to some suggestions beyond saying that government assistance is essential and remarking that some banks will cope less than others. The author's almost unquestioning faith in the Bank of England's ability effectively to supervise banks is sadly not universal.

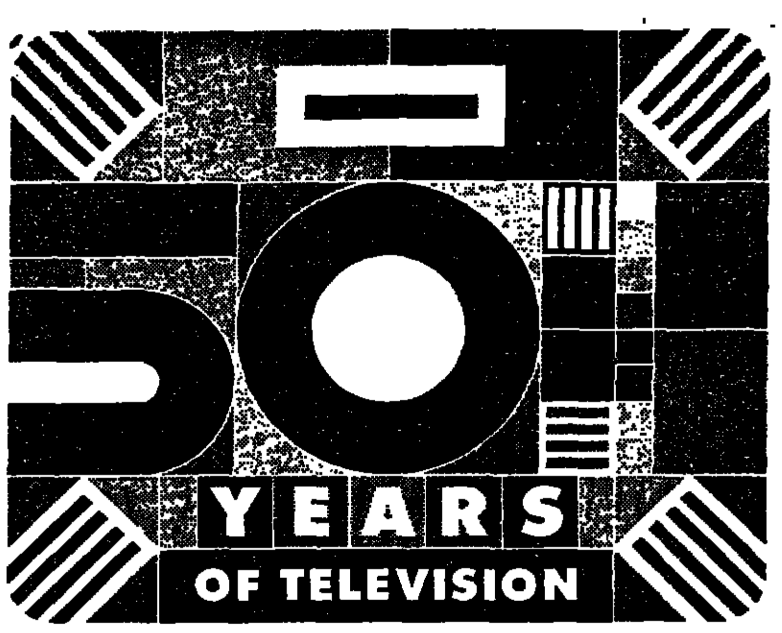
Similarly, the fraught question of self-regulation versus statutory control, although described is barely discussed. For a man of "incisive views," according to the bookjacket, Mr Welsh has little to say one way or the other.

This lack of worthwhile conclusions might be forgiven for the sake of some quite interesting narrative, but for the annoyance caused by the writing style. The hand of a good editor is surely needed.

Maggie Urry

BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming panels, applications should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4P 4BY—Telephone: 01-248 8000, Ext 4064. Order and payment for books should be sent to the publishers and not to the Financial Times.



Raymond Snoddy describes what happened at Alexandra Palace 50 years ago tomorrow

The day TV began

THE STUDIO sign lit up for the live production: "Vision On-Sound On." A stage manager in a white coat blew a whistle—and the modern age of communications had begun.

Fifty years ago tomorrow the BBC officially launched the world's first regular high definition television service from two small studios in London's Alexandra Palace with an hour of programmes in the afternoon and an hour in the evening, Sunday's excluded.

After the speeches on that first afternoon, Adele Dixon sang a specially composed song called Television, which went: "A mighty maze of mystic magic rays is all about us in the blue."

To the few hundred people in the London area who could afford the 10 ins by eight ins sets at 96 guineas—the price of a small car then — the rays must indeed have seemed to be magic as Buck and Bubbles followed the song with their tap dancing routine. Unfortunately the live programmes were as transient as a theatrical performance and no trace of them has survived.

A few glimpses of Adele Dixon singing her song, and of the coronation procession of King George VI on May 12 1937 from special promotional films, are all that remains.

The films were then shot to show in electrical shops beyond normal broadcasting hours to boost the sale of television sets. Though their early achievements have now all vanished into the ether, the small band of producers and directors involved were very much aware at the time that they were pioneers in at the start of something important.

"We were the glamour boys," says Mr Cecil Madden, the first programme organiser and senior producer. He had to create the grammar and form of television almost as he went along, with about £1,000 a week to spend on making programmes. Mr Madden was portrayed by Shaughan Seymour in Jack Rosenthal's "The Fools on the Hill" on BBC-2 last Monday.

"We had nothing to do with the BBC at all. We were so bloody independent and they hated it," recalls Mr Madden, whose eyesight at 83 has faded but whose enthusiasm for talking about the early days at "Ally Pally," as it became known, is undimmed.

He now lives surrounded by his scrap books and photos of the stars who came to find out what television was all about. Just one of the problems they had to cope with at the beginning was the unresolved technological battle between two competing systems: the mechanical scanning system of Baird Television, the company of the inventor John Logie Baird, and the electronic system based on the cathode ray tube, backed by Marconi-EMI.

The Government had decided there should be an equal trial between the two systems and that the future of television would be determined live on air as the two companies alternated one week at a time, providing the service from separate Alexandra Palace studios.

Electronics and the EMI-Marconi emerged as the undisputed winner after three months.

In that August of 1936 Mr Madden, then a producer with the Empire Service, which broadcast radio programmes 24 hours a day to the outposts of the British Empire, went with the rest of the tiny television staff to the council chamber of Broadcasting House to hear Mr Gerald Cock, the first director of television, outline his plans. "He told us: 'We have nothing to do for three months. I suggest you all get into cars and go to Alexandra Palace and have a look and see what you make of it all." Mr Madden says. When they arrived, Cecil Madden found that his name was already in large letters on the door of an office without a stick of furniture — although a phone sitting on the floor in the corner of the room was already ringing.

It was Gerald Cock calling to say that everything had changed since the earlier conversation. They were opening in 10 days time. The Radiolympia exhibition, organised by the Radio Manufacturers' Association, were having trouble filling all their stands and they wanted to make a special feature of television.

Madden put together a 30-minute variety show called "Here's Looking at You," complete with a title song written specially for the occasion.

A popular singer of the day, Helen McKay, then appearing at the Palace Theatre, sang the title song complete with the immortal lines of a chorus that went:

"Here's Looking at You
From out of the blue
Don't make a fuss
But settle down and look at us."

One of the first television announcers, Leslie Mitchell, assured the audience that they were "watching a programme that is actually going out now."

What actually went out included the Television Orchestra conducted by Hyam Greenbaum and Miss Lutie and Pogo the performing horse.

The show was performed live twice a day, alternating on the Baird and EMI systems, and was the only television programme ever staged for a run like a theatre. "We did it about 20 times and I got it slightly better every performance," said Madden. The promotion programmes, which included film newsreels and film clips, are estimated to have been seen by more than 100,000 people at Radiolympia and beyond. When it ended the new television team had "tasted blood" and didn't want to wait until the official launch to make more programmes. The result was the first edition of Picture Page, featuring Joan Miller as the switchboard girl putting viewers through to interesting personalities. It was first broadcast on October 8 and was to run for 262 editions pre-war.

To Madden, who had a taste for the world of variety and the theatre, London seemed to be in a frency in the years before the Second World war, "with plenty of sin and plenty of money" and a succession of top American acts coming to London to perform in the theatres. Beautiful girls came in droves to appear in the famous shows.

"I was able to book all these people and get them up to Alexandra Palace for 9 o'clock and back to appear in the shows at 11 pm and 1 am," he recalls.

Fees were sometimes a problem because television couldn't afford more than 25 guineas. Sophie Tucker managed to push it up to £40 by bringing her own pianist along. Walt Disney rang from Hollywood to warn that the new medium would face a total boycott from the film industry and to offer Mickey Mouse, who became one of the stars of the British small screen.

Within the first fortnight following the official launch, the first balet, plya and opera had all been produced in the studio and in less than three years more than 326 plays were produced. The theatrical highlights included Laurence Olivier and Judith Anderson leadings the Old Vic Company in Macbeth from the Alexandra Palace studios, and Michael Redgrave and Peggy Ashcroft in Shakespeare's Twelfth Night in its entirity direct from the Phoenix Theatre.

The producers were confident enough of their small, sophisticated London audience — the number of seats is estimated to have grown from 2,00 in 1937 to 20,000 in 1939 — to put on four hours of the Habima Theatre from Tel Aviny performing The Dybbuk in Hebrew. On a lighter note George Bernard Shaw came to Alexandra Palace to meet the cast when his play "HowHe Lied to Her Husband" was being televised — and stayed to tea.

Development of outside broadcasting was also rapid. First, it was inside-outside broadcasting in the grounds of Alexandra Palace.

In May 1937, a special eight mile cable was laid beneath the streets to bring GeorgeVI's Coronation procession to an estimated 10,000 viewers. And when Chamberlain returned from Germany in 1939 the television cameras were there.

During the early years, some of the unexpected visitors at Alexandra Palace were more interesting than those due to appear. Late one evening Haile Selassie, the Emperor of Ethopia, arrived with is family and entourage to look around.

One of his attendents inadvertently became the first Ethopian to appear on television when he wandered through the studio doors where a play was going out live. He climbed into a mock railway carriage and sat down beside actors engaged in ernest conversation.

On another occasion a seal from a variety act arrived in advance of its owner alone in a taxi and had to be kept in the bath in an actor's dressing room.

"The emperor must have enjoyed himself because they all came back four days later. Those were the sort of things that could happen at Alexandra Palace," Madden says.

After nearly three years, the television service came to an abrupt halt on September 1 1939.

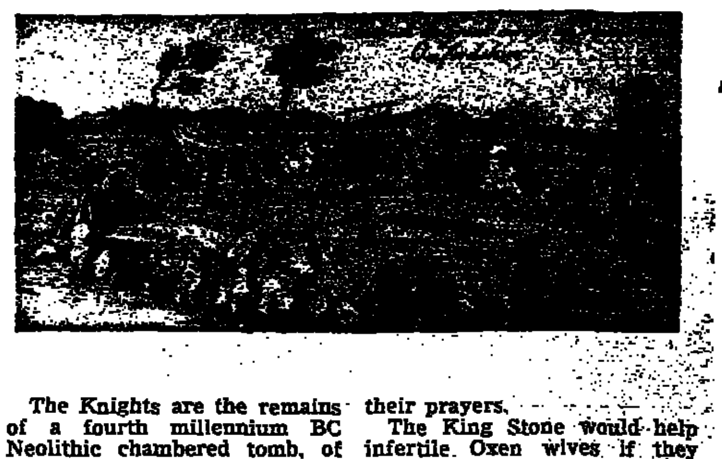
A phone call came through from Broadcasting House: "There's going to be a war. Turn it all off and turn the lights out."

The programme on at the time was Mickey Mouse — "Mickey's Gala Premiere" — and it was stopped half way through. The television service was closed down without a word of explanation or even a goodbye.

When normal service was resumed on June 7 1946 they at least had the decency to show Mickey's Gala Premiere again.

All the King's Men

HIGH ON the north-east end of the Cotswolds are the Rollright Stones. "The greatest antiquity we have yet seen," said William Stukeley in 1710, adding that this stone circle of 2500BC seemed "corroded like worm-eaten wood by the harsh Jaws of Time." For centuries it has luxuriated in legend. Recently it has revealed more of its archaeological secrets. It is a place of beauty, magic and the timeless power of being very ancient.



There are three monuments to see—and many more below the soil. The circle is the King's Men, 77 lumps of limestone packed tight in a circle about 100 ft in diameter. Nearby is the solitary King Stone, and 400 yards away are the Whispering Knights, four standing stones and a fallen stone slab.

The old Cotswold ridgeway (or saltway or jurassic way) runs between the King's Men and the King Stone, making them landmarks for the footsore traveller for many centuries. It is on the watershed that separates the Thames from the Severn, and Oxfordshire (with the King's Men) from Warwickshire (with his Stone). The views are superb. One way lies the rolling country of the Evenlode, leading to the Cherwell, and then the Thames. The other way looks to the West Midlands, with the village of Long Compton below in the rich Stour valley, which leads to the Avon and so the Severn.

The ridgeway is metalled. Would that it were still earth! Now you must force yourself to remember Welsh drovers taking sheep along it, or salt being brought from Droitwich, or the trade there was in antiquity. Then, flint for tools came up from the chalk country — even a greenstone axe from Cornwall. And the parallels for the type of stone circle are far away, in such places as Swinside in Cumbria and Ballynoe in Co Down. Rollright was somewhere for meeting and trading, besides being a shrine and a landmark.

Start with the Whispering Knights. They are the oldest monument. Better than driving right to the Stones is to park at the crossroads of the Oxford-Stratford A34 and the ridgeway, just before descending to Warwickshire. Take the signed public footpath going up a wooded bank 100 yards back on the A34 in the Oxford direction on the west side. Follow it for half a mile, passing Brighthill Farm. Then, over a fence, and look right. Rising from the ploughed field are the Whispering Knights, penned in by iron railings since 1894. Beyond in the stand of trees on the ridge are the King's Men.

The Knights are the remains of a fourth millennium BC Neolithic chambered tomb, of the type calle da oprtal dolmen —and better known in West Wales and Ireland, although the Knights are an outlier of the large Cotswold-Severn group of chambered tombs. The plan here is not quite clear. It should be an H-shape: a free-standing chamber with a three-stone portal in front (the middle one blocking the entrance to the chamber); a capstone (now fallen) over the chamber; and another stone to hold the capstone at the back. It may have been set in a low mound. The tomb portal looks southeast down the Evenlode valley.

The tomb may have been the holy place for 1,000 years until came the great labour of putting up the King's Men. Go round the field to reach them. Though they were among the first monuments to come into public guardianship after the 1882 Ancient Monuments Act, they are privately owned. Be considerate. Admission to the circle is 10p, proceeds going to an animal sanctuary helping the lost cats of London.

The stones look as Stukeley described them, even if many were re-erected in 1882. They are a sacred—not to say royal —enclosure, the stones low, oddly shaped and timeworn, which masks their having the same diameter as the outer circle of Stonehenge. The entrance is on the south-east. If you count them and count them again going the other way, you will be lucky to reach the same number.

The mystery is one of many legends. The King's Men were not petrified because of playing on the Sabbath as the Hurlers on Bodmin Moor were, but are the army of a man who would be king if he could see Long Compton. But the ground rose up in front of him and he became the King Stone. Some stories have a witch/elder tree intervening. The Whispering Knights are usually thought to have been plotting against the king. Or they may be saying their prayers.

The King Stone would help infertile. Oxen wives if they pressed their breasts against it at midnight. (The Cerne Giant in Dorset has been another standby for this trouble.) Also at midnight the stones went down the hill to drink. Chips of stone kept off the devil, especially if those threatened were soldiers or Welshmen. Chipping may explain the hole in the middle of King Stone. And the stones were a place for witches and fairies. Witch covens have met in recent times, though in 1966 shouts from passing care of "Lovely night for the witches, then," deterred them.

The King Stone is not part of a long barrow nor does it have to be linked directly to the circle, unlike the Heel Stone in a similar spot at Stonehenge. But it is linked to a cairn and cremations, of about the same date as the circle. More likely, as George Lambrick's excellent survey The Rollright Stones (Oxford Archaeological Unit, £1.50) explains, is that it was a market. It would be a gravestone as old as the Pyramids.

He has examined the landscape round the stones for five years, using air photographs, geophysics, antiquaries' accounts, fieldwalking and trial excavations. It is crammed with history, from Mesolithic flints to an Anglo-Saxon cemetery. In the field east (toward the A34) of the King Stone is an Iron Age farmstead. The cemetery's connections with the Avon valley and Northamptonshire, show Rollright yet again as a station on the way to distant places.

English Heritage has paid for the work and this year's dig and conservation in the circle. Their goal is to get the information for future decisions on the care of the monuments. This means putting them in an Oxon landscape at all times since the Middle Stone Age. With new finds and old tradition the Rollright Stones are always exciting.

Gerald Cadogan

Saleroom

Reagan boosts Old Masters

HAS President Reagan breathed new life into the Old Master paintings market? He probably did not plan his far-reaching tax changes with the prosperity of Bond Street in mind but by cutting basic tax rates, and eliminating many tax perks, he has struck a blow at that strange old American custom whereby you could acquire an expensive painting (or work of art), offer it on loan to the local art gallery and while you basked in the glory, and the painting appreciated, your tax bill shrunk by the cost of the picture.

Eric Turquin, of Sotheby's Old Masters department, for one, anticipates some bare patches on gallery walls and some action in the saleroom.

It is probably a coincidence that this week Sotheby's announced it was to offer in London on December 10 three of the finest Old Masters it has handled in years and which, until recently, graced the walls of American galleries. For almost two decades now, good Old Masters were as rare on the market as poor picture dealers, which, quite naturally, deterred potential collectors. Now under the hammer come a fine, fresh, attractive Rembrandt of a young girl and a pair of portraits by his Dutch contemporary Frans Hals.

Sotheby's puts a modest £3m on the Rembrandt, a genuine work by this much-copied artist, while the Hals should manage around £4m between them. Not any museum or very rare collector lacking a Rembrandt or a Hals this could be the only chance in a lifetime. The bidding will be fascinating with museums (perhaps including that at Boston which sheltered the Rembrandt for years and the Fogg in Cambridge, Mass., home to the Hals) fighting with the growing band of private buyers, mainly American, for Old Masters.

For, despite all the problems, Old Masters are returning to favour. By tradition, the art lover first gets passionate about the Impressionists. Then his taste either strays to the more challenging works of the 20th century or drifts into the academic world of Old Masters.

They undoubtedly present a challenge. They require the accumulation of much knowledge; there are great problems over attribution; they are often in poor condition and need careful handling; they are usually too large for modern homes and clash with other furnishings; their subject matter tends towards the religious, or portraits, or obscure mythological scenes—all outside current taste, experience and knowledge.

Above all, unlike the Impressionists, the works by the very greatest artists, like Raphael, Leonardo or Vermeer are locked in museums and will never come on to the market, so building up a collection is very difficult. No wonder then that when Old Masters do appear at auction they often go for ludicrously cheap prices—a Tintoretto or a Veronese selling for less than an Andy Warhol or a Hockney.

The more confident tone in the market was apparent at Sotheby's on Wednesday when a fairly routine sale made £971,355 in the morning session with 14 per cent unsold. Italian paintings of the 17th and 18th centuries were much in demand among Italian dealers, and views of Venice by amateurish followers of Canaletto and Guardi. There are still some problems with the 17th century Dutch schools, especially the works of the Dutch artists based in Rome who appeal neither to Dutch nor Italian collectors.

The star of the auction was a large painting of Diana and her handmaidens by Johannes Fyt. Resplendent with dead game and dogs it is the kind of thing which would have passed unnoticed ten years ago but now two prospective buyers were very keen, and the price of £66,000 (to the London dealer Johnny van Haeften) was way above the £15,000 top estimate.

Sotheby's sale on December 10 is its best for many years. In the absence of first division Old Masters, the second division has come into its own, notably artists like Guido Reni (who hit the £2m mark recently with a painting estimated at £250,000) and Terbrugghen, who has topped the £1m. In December, Sotheby's is offering 17 baroque paintings of the 17th century.

There is a Guercino, with a ludicrously low estimate of £200,000-£300,000, and a work by Pietro da Cortona, estimated at even less. Along with the Italian 17th century Spanish paintings are returning to favour, and on offer is a very fine still life of fruit and bread by Melendez, an artist who has just entered the National Gallery's collection.

For those who prefer decorative paintings, the auction offers a Fragonard and some sketches by Boucher. With forecasts below £150,000 these are ridiculously cheap—they have actually fallen in price in the last 20 years, probably because their prettiness has put off the new generation of collectors who prefer the tougher 17th century Italianate schools.

While it is nice to see Old Masters changing hands again, any startling rise in price could upset the British heritage. There are good Old Masters in the US which went there between 1880 and 1930 from the UK, but there are even better still in our stately homes.

If they suddenly seem desirable, some impecunious earls might be tempted to try the saleroom route to instant prosperity rather than take advantage of the numerous tax incentives to hold on to their treasures and sell them, if they must, through the various private treaty and in lieu schemes which secure them for the nation.

Antony Thorncroft

Collecting

Land of the Rising Artistry

EUROPE'S FIRST serious encounter with Japanese arts and crafts came in February 1854 with an exhibition at the Old Water Colour Society Galleries in Pall Mall East. The date is significant: this was only months after Commodore Matthew Perry had gate-crashed his way into the most closed-off country in the world and before any trade treaties had been signed with the west.

The exhibits, delivered by a Dutch ship, were the first direct importation from Japan to this country. Victorians flocked to marvel at the extraordinary craftsmanship of bronzes, lacquer, straw and bamboo work, furniture, porcelain, costumes and papier mache, and particularly the eggshell-thin porcelain, which exceeded all European dreams of fine porcelain.

Interest was further stimulated at the 1862 International Exhibition in Kensington, when Britain's first ambassador to Japan, Sir Rutherford Alcock, lent his personal collections of Japanese art. In turn, the exhibition was visited almost everyday by the Japanese ambassadors, carefully studying western tastes and export prospects. For Londoners the partly of 12 Orientals, in full ceremonial robes and carrying lethal swords, was a spectacle as diverting as any of the official exhibits.

The taste for Japanalia and the Japanese influence reached its peak in the Seventies. The appeal was divergent. Godwin, Dresser and the aesthetic movement at large were thrilled by the simplicity of Japanese design. The arts and crafts people were stirred by the survival of a pre-industrial society and the craft values it enshrined. The great middle-class public, on the contrary, responded to the extravagance and opulence of a different class of work, luxury goods made for the new bourgeoisie of the peaceful, prosperous Meiji era, which began with the restoration of the emperor in 1868.

The Japanese workshops swiftly responded by producing large quantities of goods specifically designed for European export. Towards the end of the century incipient factory production flooded the market with cheaply made and often florid goods.

As early as the 1870s there were shrewd European connoisseurs and collectors of the best indigenous Japanese art—notably in France—and the last quarter of the 19th century saw the making of many fine and (by modern standards) vast collections. The first generation of collectors had no interest in export products. Along with the finest contemporary work made for the home market, collectors or travellers brough to Europe great quantities of antique works of art.

Enthusiasm continued and prices steadily rose throughout the early part of the century, until the Second World War effectively drove everything Japanese right out of fashion. The forties saw saleroom prices fall to rock bottom.

Recovery began in the mid-Sixties. Between 1967 and 1969, the period during which Sotheby's dispersed the huge Hindson collection, the average price for a netsuke rose from £20 to 100s. Prints and other kinds of classic collectors' goods followed much the same pattern, rising steadily and sometimes rapidly, with only a brief hiatus in the mid-Seventies, when the whole antique market struck a rocky patch.

Works of art from the Meiji period, which had stirred comparatively little interest in collectors of earlier generations, came into their own rather later, at the end of the Seventies, with truly dramatic price rises. In 1984, for example, a cloisonne vase, which Sothebys had sold in London five years earlier for £300, realised £7,750 in New York; and this appreciation was not exceptional.

Recent years have also seen a steep rise in the prices of works whose interest is mainly decorative — a market quite separate from that of the connoisseur-collector. Much work produced in the Meiji period was designed to show off virtuoso craftsmanship rather than with any profound aesthetic intention. An example is the centrepiece illustrated here, a silver vase, recklessly docorated and inlaid, and reposing, pre—iously and all aglitter, upon a fountain cunningly made of bronze, with a coiled dragon clutching a crystal ball. Not so long ago it would have been hard to fit it into any decorative scheme When it is sold at Sotheby's on November 14 it is expected to realise between £6,000 and £8,000.

While the early collectors of Japanalia could be omniverous, in recent times collecting has tended to be strict specialisation. Collectors choose mostly to concentrate exclusively on prints or porcelain, or netsuke or inro (the little compartmentalised boxes intended for medicine) or tonkotsu (tobacco boxes, worn like inro at the waist).

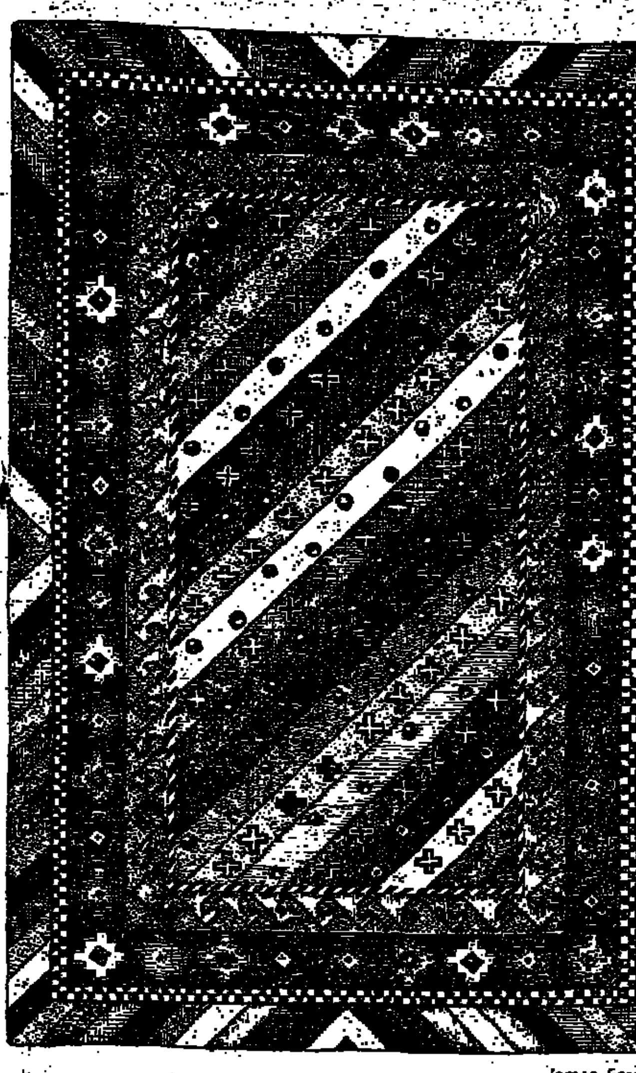
The collecting of sword fittings — the Tsuba or guards; the Fuchi Kashira, which fit at the tip and top of the sword; and the Kozuka, small utility knives that slip into the side of the scabbard — is a whole field on its own. Swords and sword fittings have not followed the steep upward price rise and still offer a field for the more modest collector. The Sotheby sale includes a fine collection of Kozuka, including exquisite examples of carving, inlay, applique or enamelling, many of which will sell for no more than £200-300.

The salerooms are striving to integrate the market and break the tradition of narrowly specialised auctions. The two-day Sotheby sale on November 13-14 includes everything from 17th century porcelain to the better class export work of the Meiji Period. Among the most important items are a group of five inro by Shibata Zeshin, reckoned to be one of the greatest lacquer artists of all time. The best of these may realise up to £20,000. A lacquer travelling shrine made for the Christian market, dating from around 1600 when the Jesuits still maintained contacts with Japan, is also estimated at £20,000-£25,000.

In a somewhat more modest price bracket is a group of ivory carvings. Large-scale work in ivory only began with the Meiji period, when foreign trade first made elephant tusks available in quantity. These late 19th century carvings are startingly and often charmingly naturalistic in their record of the daily life of humble people —farmers, fishermen, pedlars, hunters, families, and playing children. Ranging in price from a few hundred pounds to £4,000, these also appeal more for their decorative value; the best market for them is apparently in Mediterranean countries.

Janet Marsh

Rugged endeavour



James Ferguson

Lucia van der Post

HOW TO SPEND IT

KELIMS ARE, I think, one of those timelessly beautiful art forms that have about them a charm, an inevitability, a rightness that few more self-conscious designs can ever better. For years they were under-valued, beaten in the status stakes by their more obvious cousins, the silk Qu'ums, the thick-pile "Persian" carpets, the antique Chinese rugs. Today, however, their charms have been fully appreciated at last, their prices are rising and they are harder to track down.

So perhaps the answer is to make your own. We asked Ehrman, which specialises in providing needlework and tapestry kits, and Kaffe Fassett, a designer who has a magical gift with colour and design, to produce a version of a rug inspired by the colours and patterns of Kelim rugs, specially for FT readers. The result is ravishing. You see it sketched here in black and white but though the strong Kelim-influenced pattern can be seen, the colours, alas, cannot. They are slightly less strong than the most familiar Kelim colours, being a mixture of nine different hues—from pale apricot, blues, whites, mustards, to dark browns and aquamarines. They should work in a host of different interior schemes.

The rug, of course, arrives in kit form and you stitch it yourself. The stitches are based on a seven-to-the-inch pure cotton canvas made in Switzerland which is a much finer mesh than the normal five-to-the-inch canvas most commonly used, but it is still suitably hard-wearing for a rug designed to be put on the floor. The finer mesh allows much more detail in the design and this, I think, is part of its charm. *The stitch used is cross-stitch.*

The finished size is 32 in by 45 in. The yarn is top quality Parsian wool from Rowan Yarns of Yorkshire. In the kit there is everything the eager rug-maker requires — enough wool to finish the rug and to allow for a few errors along the way, needle, instructions and the hand-stencilled canvas which has a colour identification panel at the side. The colours of the stencilled pattern itself have been heightened (which is often done) to make it extremely easy to match wools to colours —so don't be alarmed if at first sight the canvas looks alarmingly bright. The finished version won't.

When you've finished the needlework the rug *will* need pressing, blocking, stretching and backing. Erhman will send a copy of instructions on how to do it if you send him a sae. Otherwise, a good needlework book will tell you how to do it. If you really don't want to do the finishing-off yourself, Erhman will do it for you for about £25.

Anybody who is already a fan of Kaffe Fassett and Ehrman's kits may already have made one of Kaffe Fassett's Baroda cushions — the rug is very much in the same mood and would look marvellous in the same room.

The whole kit costs £48.50, including postage and packing. Orders should be addressed to: Financial Times Rug offer, Ehrman Kits Ltd, 21/22 Vicarage Gate, London W8. Cheques should be made out to Ehrman Kits Ltd.

If knitting is your hobby you are in for a bonanza this autumn. Once upon a time the patterns purveyed by most knitting books reeked of elderly aunts and pastel colours; today the range of patterns to choose from becomes more sophisticated and more desirable by the day. It is almost enough to make me get my needles out.

Two books stand out in the current crop. Exclusively Yours, by Frances Kennett (Grafton Books £12.95) features full-colour photographs and all instructions for designs by such names as Perry Ellis, Sasha Kaga, Bill Bibb, Calvin Klein and Claire Oates, whose cream and navy sweater is photographed here.

Designer Knitwear Collection (published by Pengelly Malliken Publicity £7.95) homes in on the same idea—exclusive designer patterns. It has a different set of names — you can choose from Zandra Rhodes, Pierre Cardin and the Emanuels. This collection looks slightly more difficult to knit, is on the whole less classic and less sophisticated (Roland Klein's black sweater is a notable exception) and is also more colourful. Over to you.

If you have never tried knitting but you'd like to start, look out for Sirdar's new series of patterns aimed at Absolute Beginners (which is, usefully, how Sirdar labels the pattern). None of those maddening abbreviations (pl, pr, rep, K); everything is written out in full, every leaflet has diagrams, and there are explanations to help you every step of the way.

Finally, "Knitting: A Common Art" is an exhibition the ardent knitter won't want to miss. On at the Crafts Council Gallery, 12 Waterloo Place, London SW1Y 4AU from November 12 1986 to January 11 1987.

Catch a falling stair . . .

ALMOST anybody who has ever bought an old and run-down house one day needs to repair the staircase. Gifford Mead will come to the aid of those in search of staircase spindles, newel posts or gallery spindles and posts. Besides having a large selection of stock designs which can be delivered almost immediately, it will arrange to have spindles or posts turned to match existing designs. Because the business is based on wood turning, the company is happy to produce anything else in wood that customers might happen to need—posts for a four-poster, table-legs, chair legs. Much used by architects and designers, it is an address well worth noting for all who have even the smallest house to restore. There's a brochure available which shows the standard spindle and post designs in stock, as well as three of the standard doors it offers. Write to: Gifford Mead, Furniture Cave, 533 Kings Road, London, SW10 0TZ.

Catalogues late extra

A CHARMING American reader writes to tell me that I featured all his favourite catalogues in my piece on shopping across the Atlantic two weeks ago, but that I ought to warn readers (1) that in his experience surface mail takes much longer than the "official" *10* days; (2) the postage is sometimes an unpleasant surprise and (3) even if the items sent are a gift you will still be charged VAT and customs duty on its value.

Super art in the supermart

HAVE FUN trying to spot the Matisse or Hockney of the future at the Contemporary Art Society's annual supermarket for art, starting next week at Covent Garden. Sponsored by Sainsbury's, it was the brainchild of the Contemporary Art Society some three years ago. Today it has become a thriving annual event, a cross between a party and a serious opportunity to buy artist's original work.

The original idea was that many potential buyers were intimidated by the hushed atmosphere of conventional galleries and that a more supermarket-style sale would introduce a wider public to the delights of owning works of art. I'm not entirely sure they've succeeded; those who arrive as the doors open to snap up the best paintings look very much as if they know what they're doing. I can't see them being intimidated by any gallery, no matter how hushed.

So you need to get there early to get the best pictures. Last year all the pictures I would have bought had gone by the first evening.

There will be some 500 paintings, drawings and sculptures, and prices will start from about £60, while the highest price around seems to be £600. All the pictures are easily seen, prices are clearly marked and you can take your work of art away there and then (gaps on the wall are filled by more pictures).

Artists like David Mach, Patrick Procktor, Terry Frost, Dhruva Mistry, and Nigel Hall will have works for sale. The fair is at Smiths Galleries, 33 Shelton Street, London WC2, from November 5 to November 8, 11 am to 8 pm.

"Self-portrait with canaries" by Peter Griffin, gouache on paper, £250

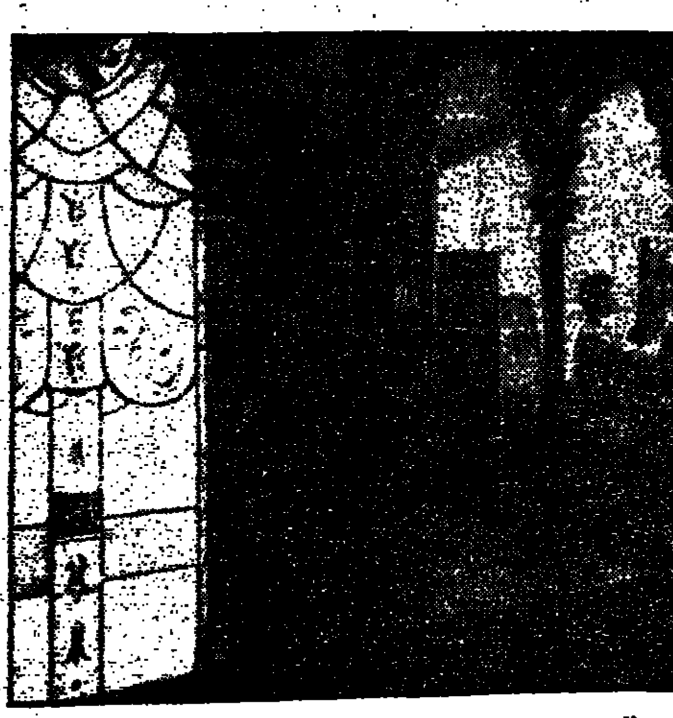
Snuggle up to a warm current

AFTER the electric blanket, it had to come — welcome to the electric duvet. As the clocks go back, winter looms and chilly nights become a distinct possibility, it's nice for those who are addicted to duvets to know that when the temperatures fall they can turn up the heat. The Superduvet is newly launched, it has a Hollofill fibre filling and a tog rating of 4.5 when used in its un-electrified form. (For those unfamiliar with tog ratings, these are measurements which indicate the insulation factor, and the simple rule of thumb is that the higher the tog rating, the warmer it will keep you — 4.5 is usually reckoned to be the minimum for summer, nine to be average for cool weather and 13.5 is the rating to look for for those who like to be extra warm). In winter, by turning on the switch, the tog rating of the electric level can be lifted to an almost Saharian 20. There's an inbuilt thermostat which makes sure the set temperature keeps steady.

It has, needless to say, been manufactured according to the BEAB standards for electrical safety and to BSI standards for conventional duvets. The heating element is completely waterproof and insulated so that the duvet can be washed in a machine, just like its unelectrified relations.

The economically-minded will be interested to learn that the electricity board has estimated that it costs about 2p per night to run. There are three sizes — single (£59.99), double (£79.99) and Kingsize (£89.99). You can find them at stores in the John Lewis partnership group, at Argos stores (where you may well find them even cheaper at Boots, Currys and at Electricity Board showrooms.

Anne Morrow



"Rummage for a stained glass window . . ."

Surprises come in salvage

FANS of architectural salvage companies might like to know there is a new one to visit. Townsends have opened a 7,000 sq ft showroom at 36 New End Square, London NW3, where lovers of things old and beautiful can rummage for a stained glass window, an antique mirror, a piece of wrought iron garden furniture, wooden panelling, a wooden handrail or any other piece to transform their little schloss.

The great excitement of these showrooms is that you never know what you'll find: it could be a beautiful fire surround, or the entire art deco frontage of a 1920s cinema (yes, there's one in stock—hurry along if it's just what your own particular nest requires), or maybe just a 10 ft diameter glass dome.

Matt Townsend also has a stained glass workshop where he not only restores old windows but also copies them—if you need to replace a broken one for instance—and makes new ones. He also runs an acid etching service—often essential for Victorian windows; he'll etch to any pattern.

Those unfamiliar with Townsends might like to know that at 1 Church Street, London NW8, you can rummage for Victorian and other antique tiles, as well for brass fittings like door-knobs, letter-boxes, hinges and the like.

At 81 Abbey Road, London NW8, you will find restored antique fireplaces in wood, cast iron and marble, as well as some reproduction items like firegrates, fenders and coal scuttles.

Turn the air pink

IF ANYBODY close to you is blind or partially sighted that is no reason to be deprived of the weekend FT. The Talking Newspaper Association of the United Kingdom now puts the Saturday edition onto 90 minutes of tape—one side is devoted to financial news and services and the other to more general articles and leisure topics. According to Ted Davis, the chairman of TNAUK, the Weekend FT has now become an essential part of many a visually-handicapped person's life. A year's subscription for 52 90-minute tapes is £5.00 but for a non-returnable fee of £1 you can be sent a sample cassette, while for £2.50 TNAUK will send you a taped guide to the tapes (if you see what I mean). Write to: TNAUK, 90, High Street, Heathfield, East Sussex, TN21 8JD.

Talent travels well

DO YOU regard nouvelle cuisine as a term of abuse? Is it like the miniskirt or the pop video—a transient and factitious abomination? Can you eat it? Would you know it if you met it? Has it all gone away now?

Which of the following things did it ever mean? Answer on one side of the sheet only. Smaller portions? Less flour? No flour at all? Pretty food, better to look at than to eat? Food all arranged on the plates in the kitchen? Less fattening food? Surprising new combinations of flavours? More elaborately descriptive menus? Bags of chic? Lots of money for negligible nourishment? Last year's new thing?

It is often all these things when it is in full roaring flood. A huge pretty plate (from Villeroy and Boch as like as not), with some very small dabs of food, a pool of colourful sauce and some leaves or even flowers dotted about. Three lines of prose on the menu and a large bill. *Mais, qu'est que c'est?* Modern and tasty, health considerations crowd round. Better for you, not too much, better balance, eat it all up, including the flower. A glass of bone dry Sancerre to go with it.

Enter the grinning moustached figure of Michel Lorain. His credentials: he is the newest French provincial chef to win three stars from Michelin. You do not do that just by being *à la mode*. He is over here cooking on loan at the Meridien in Piccadilly. There he cooks, bless his heart, the same things as he cooks at home in Joigny. I tried him in Joigny and, six days later, in London: his is a transplantable talent. And he does not come bearing any promotional credentials—no Macmillan book, no international reputation, no chain of stores or contract with a freezer-food company. And no moral fervour (although he brought the foie gras and ceps with him in his luggage).

Press him on the point and he concedes that things have changed, radically and irreversibly. He speaks with neither contempt nor nostalgia of yesterday's food as "*la cuisine mijotée*" the simmered cuisine—where the whole scheme was designed to produce a blend (*une osmose*, he would say) of flavours all making a whole which was bigger and better than the sum of the parts. All gone, he says. Now we have three or four items, separately cooked and tasting of themselves, drawn together by a sauce—meaty, fishy or buttery, which is always conjured with great ease out of professional kitchens but which you and I cannot do as easily as we should like.

So attempts at home-grown nouvelle cuisine look likely to stumble. There is the raspberry vinegar, but (as the poet nearly said) where's the bloody sauce?

It is something the French are quite insistent on and we and the Americans have tended to overlook. Nouvelle cuisine dishes without an appropriate (which often means quite rich) sauce are not really worth eating at all.

In Joigny I ate the whole francs 380 (£40.50) menu, before which (in case I was really hungry) the waiter brought first a little dish of marinated raw salmon and then a few slices of hot black pudding. The lunch proper kicked off with a warm salad of foie gras and ceps. This was followed by fillets of red mullet in a fennel vinaigrette with some samphire, snails with an extraordinary puree of parsley, a roast langouste with green beans and wild mushrooms, just to set you up for the main course of pigeon or fillet of lamb with thyme flowers and garlic. After that it was downhill all the way through the huge cheeseboard, the chocolate fondant with its light buttery sauce and the plate of sorbets and fresh red fruits. Chablis is just up the road, so its wine slips very easily onto the table.

Now this is all very French and very three star. Not the bits or menu writing or the freshness or the separateness, but the heavenly sauces and liaisons. Only France produces those kind of sauces and it is in them that the spirit of Escoffier resides. Escoffier, refining cooking through decades of Victorian kitchens, steering it from the primitive to the sophisticated but requiring an enormous apparatus of simmering and reducing. And so in a sense, today you must make a stew, throw it all away, keep the gravy and then start cooking the dinner—last minute, separated, fresh and pretty but sitting in the end on top of your stew's reduced essences.

This is how to get the best of both worlds. The juices and gravy of lovingly simmered things as a background to freshness and simplicity.

Eating M. Lorain's food cost almost exactly the same when I ate it in London (Meridien, Piccadilly) as it did on his home ground at La Cote St Jacques in Joigny, about an hour out of Paris, just off the Autoroute du Soleil. In London we ate (being two) at a tiny table in a room like the dining room of the Titanic with waiters in evening dress hurling crockery about in the great echoing spaces. In Joigny (which takes a lot longer to get to) you will get the carefully cultivated country-house atmosphere—a huge dog slumbering in reception, heavenly loos, sun filtering in through the jalousies and the deep peace of provincial France on every hand.

If you are prepared to shut out the incidentals, the food is just the same in both. Oh, except the pigeons. I don't think they came over in the luggage. Bigger suitcase next time, please.

Peter Fort

The butcher Frank Godfrey, mentioned on October 18, has three branches in London: 5 Seymour Place, W1 (01-723 3981); 7 Highbury Park, N5 (01-226 2425) (reopening at the end of November); and 220 High Street, Stoke Newington, N16 (01-249 0123).

After Alexander

PAGANS AND CHRISTIANS IN THE MEDITERRANEAN WORLD FROM THE SECOND CENTURY A.D. TO THE CONVERSION OF CONSTANTINE
by Robin Lane Fox. Viking. £17.95. 800 pages

THE CONTINUITY and discontinuity between early Christianity and the ancient world of pagan polytheism which the Christians evangelised have increasingly fascinated 20th-century scholars. Robin Lane Fox won many admirers by his study of Alexander the Great. His new work is one of generous humanity and recondite erudition—some of it of the kind that will make this book a little opaque to the reader who does not already know quite a lot about religious life and thought in ancient society. But while his fellow scholars will be delighted with the book, and eager to enter into contention at many points, there is also much here for the more general reader. For that general reader the book is evidently in the main intended, since the notes are presented with terse economy at the end of the book, frequently in a dress that only the already expert could easily follow up. Yet the central questions in this book are of consuming interest to all of us who want to know and understand the consequences of the conversion of the ancient world.

The subject is often a sensitive area, and it is here treated in the main with remarkable detachment and sometimes striking sympathy. The author can illuminate one puzzling ancient text by reaching out to another very remote in time and place. Recently discovered inscriptions and papyrus finds are widely used, incidentally illustrating the startling degree to which ancient history is now anything but a rejuggling of long-known stuff. The result is to produce a book whose strength lies in its mastery of details, which then become the basis for some restrained generalisations articulated with donnish caution.

The book is distinctive partly in its juxtaposition of pagan and Christian in the context of civic life (so that we are being given a broad social history of late antiquity), partly in the value-grid imposed upon the story. Lane Fox lays stress on the non-rational elements in religion, both pagan and Christian. The things that fascinate him are dreams and visions, oracles and divination. The Christians were mainly negative towards divination and oracles unless they could somehow transform the oracular medium, like the Sibyl, into a prophesier of Christ. On the other hand, they were far from negative to dreams and visions, the importance of which is dramatically attested in, say, Augustine or Gregory the Great.

However, Edward Gibbon's idea that the alarming ceremonies of exorcism were an effective instrument of missionary propaganda and helped to account for Christian success is fittingly demolished.

In this book one important judgment pervades the text, namely, that on the whole the Christian intellectuals did not count for all that much, and may even be set to one side as unrepresentative. The characteristic Christians were the enthusiasts, the perfectionists, those who detested compromise in any form. Guided by visions, they held sexual activity in some abhorrence, and rejoiced if and when they were granted the ultimate crown of martyrdom. Therefore, the philosophically-minded theologians, Clement of Alexandria and Origen, or Augustine himself, are chiefly exploited for the information they offer about the more non-rational aspects of early Christian life and practice. It is easy for intellectuals to exaggerate their importance in the world, but I cannot help thinking this judgment to be more than disputable.

It would be hard to dispute, however, that Lane Fox is right in his view that the enthusiasm of the early Christians for the celibate life, with the consequent creation of organised communities of monks and nuns withdrawn from the secular world and indeed the secular Church, constitute the most striking visible change in the social structure. The Christians also held in great contempt the widespread double standard of marital fidelity for men and women. Augustine once deplored the male tendency to have short-lived casual affairs as being "almost a masculine disease," and when he preached to his flock that Christian men should sleep with their wives but not their slave-girls, there was a thunder of breast-beating.

The book quotes the Apocalypse of John's vision of 144,000 virgins as illustrating the impassioned Christian preference for the ascetic ideal. One might add Origen's comment that since there were not that number in the Roman empire, the text must be allegorically intended. The estimate of Christian attitudes to homosexual practices is particularly judicious.

If one considers to what ethical austerity the Christians invited people, it is astonishing that the mission was successful. Lane Fox is wholly opposed to the idea that Christianity succeeded because paganism was virtually moribund, eroded by philosophical scepticism. Certainly polytheism was a weak form of religion when confronted by a toughminded universalist monotheism. The Christian evangelists were very sure of a lot of things about which pagans felt more than hesitant. The erosion of the social and political significance of the old city state is at one point singled out as a contributory factor in Christian success, and it is a sentence on which one could spend some winter evenings of anxious meditation.

The fact that the Christian mission was based on the towns, and that bishops of cities exercised a presidency over congregations in the surrounding countryside (without making diocesan boundaries identical with secular), carried the consequence that in time the Church reinforced rather than weakened civic loyalties and pride. By the fifth century AD bishops whose churches enjoyed financial support, whether from pilgrims or from opulent converts, were able to build bridges and aqueducts and in general assume some public social responsibility.

Among the major causes for Christian coherence and expansion it is common (and Lane Fox agrees) to count the ministerial structure of the ancient churches, focusing on the bishop as president of the eucharistic community and symbol of both unity and continuity. The bishop was a new type of leader in ancient society. He was chosen by the local community, who determined at least the field of choice, and then consecrated by bishops from other churches to link him to a world-wide society. He combined both institutional authority and charismatic power. Unless he fell into heresy or resigned to retire to a monastery, he enjoyed tenure for life. Lane Fox sees in the episcopate a specially decisive break with the past, and certainly ancient pre-Christian society had nothing like this at all. It does not follow, however, that having bishops was in itself a factor separating the Church from ancient culture.

I have not mentioned many excellent discussions of particular texts and figures. The book is important and learned and at many points throws new light on the subject.

Henry Chadwick

A floor mosaic found in Jerusalem where Christ is depicted as Orpheus

Glory boys

THE MARKET FOR GLORY: FLEET STREET OWNERSHIP IN THE TWENTIETH CENTURY
by Simon Jenkins. Faber & Faber. £9.95. 224 pages

THE END OF THE STREET
by Linda Melvern. Methuen. £9.95. 287 pages

NEWSPAPERS ARE in vogue. Their long-prophesied, always imminent demise at the hand of television has yet to occur. Far from it: from High Court to TV drama studio, from the National Theatre stage to the burgeoning bookshelves of media studies, journalism—and especially newspaper journalism—is a focus of interest and scrutiny as never before.

Simon Jenkins, a former editor of the now sadly-declined London Evening Standard, captures well the newspaper industry's layered and co-existent contradictions—militant union chapels (union office branches) and conservative readers, a production industry at the heart of a service-dominated city, the products (all of them, to different degrees) a blend of the sordid and the high-minded, the painstakingly accurate and the upliftingly entertaining, the serious and the showy.

In an update of a 1979 book, Jenkins charts the construction of this highly-frictional equilibrium—and the shattering of its cosy, cocooned economics by the advent of Eddie Shah. Awful warning (and awful product) though Today is, it broke open the mould: it gave, finally, proprietors like Rupert Murdoch the chance for which they had yearned, but which they had never—by their own volition as much as the print unions'—been able to grasp.

Jenkins sketches in the subsequent, and still-continuing, Wapping dispute: Linda Melvern, a former Sunday Times Insight journalist, paints the picture. An extraordinary canvas, too: her material—deeply detailed, fully documented—on how the company established the Wapping operation, on the dubious role of the EETPU electricians' union, and on early union efforts to study the plant, is revelatory.

The book in part sacrifices organisation for currency: repetitive at times, it is feverishly up to date (the last date referred to in print is August 26 — just eight weeks before publication). But even in a slow-moving dispute such as Wapping, inevitably it cannot keep pace. Looked at coolly, though, perhaps it does not need to: while the daily events may change, there is an argument, put at one point in the book by Brenda Dean, general secretary of Sogat '82, that the dispute was in fact lost "when the very first newspaper lorry left the plant."

Despite News International's protestations when the book was serialised in the Times that it had not been written in co-operation with the company, Melvern's access to NI—and to the unions—was both extensive and worthwhile: whatever the outcome of the dispute, it is unlikely that a better account will need to be written of it.

Melvern's story is gripping, highly dramatic (sometimes overly so, in a now mostly-played out old Sunday Times style). It is above all a reporter's book, telling the tale: it draws few conclusions, other than the apocalyptic one implied by its title. Jenkins is more thoughtful—and more sceptical, too, about the permanency of the changes sweeping through national newspapers.

For Jenkins, Wapping is as much a breathing space for the unions as a blueprint for the employers: "Every month that the razor wire and picketing could be sustained at Wapping," he writes, "was a month gained elsewhere."

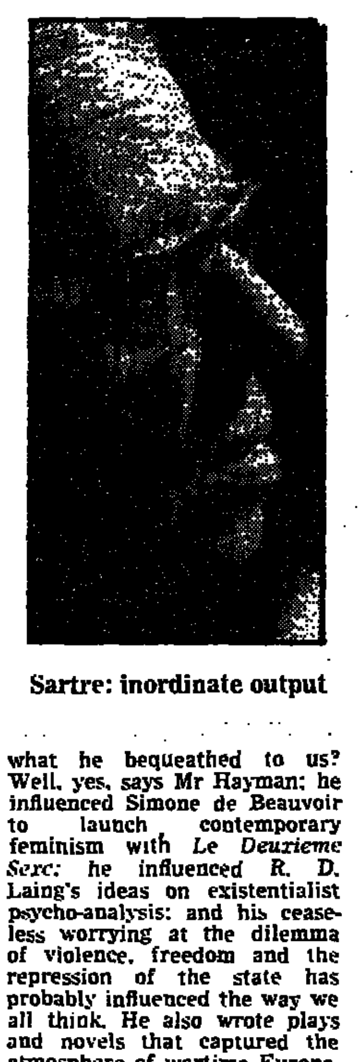
Running counter to most predictions, Jenkins suggests that the traditional Fleet Street print unions, far from disappearing, will reassert themselves: chapel power will be back. How true that is remains to be tested — by this as well as other national newspapers. What is clear is that the economics of the industry have changed, and from that, certainly at present, the balance of power and interest in the industry reshaped itself—as Jenkins cogently puts it "a new equilibrium at a lower price."

Those changes are still eddying round the old street of shame, driving its hardened denizens to outlandish places such as Kensington. The revolution they imply is still in its throes: Melvern's book shows how it is happening in its most extreme form: Jenkins shows why.

Philip Bassett

His own existential hero

WRITING AGAINST: A BIOGRAPHY OF SARTRE
by Ronald Hayman. Weidenfeld & Nicolson. £14.95. 487 pages



Sartre: inordinate output

THE CONCLUDING chapter in Ronald Hayman's enormously impressive biography of Jean-Paul Sartre is entitled Not a Conclusion: Sartre's Continuing Life. Sartre lives on, says Mr Hayman, because his influence is so pervasive. "But it cannot be analysed because it cannot be isolated."

No doubt this is true; Sartre was not just a towering intellectual figure, he was also one of the dominant forces in the post-war world. Both a novelist and a philosopher, he was also a biographer, playwright, essayist and journalist, public speaker and left-wing agitator; his published output was prodigious, his intellectual ambition awe-inspiring, his energy and application astonishing.

Sartre may not have invented the ideas of existentialism or angst, but he achieved what few philosophers have ever achieved in their own lifetime: he became a vastly popular and influential monstre sacré. At the age of 20 he wrote a one-act comedy called J'aurai un bel enterrement (I'll have a fine funeral); he could not have foreseen that 50,000 people would follow his coffin 55 years later.

And yet, and yet, I felt let down by the renunciation implicit in that final chapter heading. If this was the philosopher-king of the late 1940s and 1950s surely it must be possible to say something about what he bequeathed to us? Well, yes, says Mr Hayman: he influenced Simone de Beauvoir to launch contemporary feminism with Le Deuxième Sexe; he influenced R. D. Laing's ideas on existentialist psycho-analysis; and his ceaseless worrying at the dilemma of violence, freedom and the repression of the state has probably influenced the way we all think. He also wrote plays and novels that captured the atmosphere of wartime Europe.

But he set out to perform impossible feats, according to Mr Hayman: to prove that history has a single meaning, to create a dialectical morality, to reconcile psycho-analysis with Marxism. "He could not have done what he did if he had been realistic about what he could do."

This may be a clue to the heart of the Sartrean phenomenon. Perhaps he was a major figure, less because of the intellectual continents he was constantly striving to discover, let alone those he actually did discover, than because his dazzling efforts to straddle art, politics and philosophy, turned him into a cult-figure with enormous appeal for the young, a writer-philosopher deeply engagé in political debate but unsullied by the compromises of politics, a beacon of left-wing commitment in the flux of the post-war world.

Mr Hayman gives a compelling picture of Sartre's daemonic drive to think, to write, to engage in the world, but above all to write, to write, to write, ten hours a day for 50 years, with drugs to keep up the concentration, the pressure, the flow. "I cannot believe," says Mr Hayman, "anybody has ever written more greedily and sensually than Sartre did."

Strangely, Sartre had two quite distinct methods of writing. With his fiction, he was careful to keep his head clear of narcotics, and he carefully polished his prose, writing only three lines to a page; with philosophy, he might well be stoned on drugs, writing at frenzied speed, sometimes with unfortunate results. Speaking of the Critique of dialectical reason, Mr Hayman says that "the writing is muddled, long-winded, repetitious and jargon-ridden . . ."

Superficially, Sartre was over-blessed by the gods, in his intellect, in his fame, in the love of women. Simone de Beauvoir loved and looked after him until his death; until his death he sustained promiscuous relationships with several other women simultaneously, and he repaid de Beauvoir at the last by adopting his newest and youngest mistress as his daughter.

Despite Sartre's cornucopia of achievement, fame and love, the dominant impression of the tale told by Mr Hayman is profoundly depressing, because it comes across as a sad, distorted immature life. Sartre eschewed marriage, parenthood, possessions, property; everything was sacrificed to the productiveness of his brilliant intellect in a lifelong frenzy which finally burned him up. He hated conservatism and the bourgeoisie; yet he was not merely an extreme exemplar of French bourgeois education, a product of the Ecole Normale Superieure, he was imprisoned in the bourgeois cultural traditions of France and Western Europe.

I do not suppose Mr Hayman really intended a depressing effect; I imagine he intended to glorify his subject. But for me the concluding sensations on reading this long book are of a man who was awe-inspiring, baffling, incomprehensible and sad.

Ian Davidson

Sir Michael Butler: selling the Market to his masters

EEC champion

EUROPE: MORE THAN A CONTINENT
by Sir Michael Butler. Heinemann. £15.00. 184 pages

IT WAS a cool Brussels autumn evening in 1979 when we were summoned to an elegant bourgeois residence for our first encounter with Britain's new permanent representative to the European Community. He sat in a winged chair, extremities planted on a foot stool and pronounced: "Our task is to reconcile the British people to Community membership."

The journalists, including the newly arrived FT man, were uncertain as to whether Sir Michael, as he soon became, was determined to include them in this mission. Since more than half worked for editors for whom the only good EEC story was a knocking story, the task was obviously a difficult one.

But after four years of close observation I concluded that he had been speaking that September evening not for Mrs Thatcher, who had just appointed him, but for himself.

Sir Michael Butler was, and is, probably far more committed to the Community than any of the politicians he served. His greatest achievement during his six years in Brussels may have been in reconciling the Prime Minister, rather than the British people, to the unavoidable necessity of Community membership.

Sadly, very little of this struggle has found its way into Sir Michael's book.

Such a memoir written in the first days of retirement would not have won the obligatory Foreign Office clearance. His more modest purpose was, he says, to provide a photograph of the EEC at the beginning of 1986 and he has done so with characteristic thoroughness, insight and occasional wit.

More three-dimensional than many a photograph, it nonetheless lacks definition here and there. His absorbing (if a little over-technical for the general reader) account of the five year struggle to cut Britain's budget payments to Brussels would have benefited from some speculation as to why the other member countries held out for so long before making the concessions Mrs Thatcher and Sir Michael had so stubbornly fought for.

"If the campaign had to go on for five years, it was because the others were slow to grasp the nettle," is not good enough as an explanation. Partly because it does not focus on the importance of personalities in community politics. He acknowledges that frequency of contact in the EEC allows ministers and prime ministers to get to know each other very well. He does not admit that personal animosities can get in the way of agreements. He and Mrs Thatcher shared a similar didactic, meticulously well-briefed negotiating style which relished the scoring of debating points and which was about as palatable to some of their adversaries as a dose of castor oil.

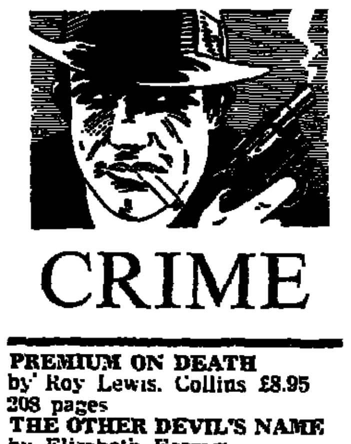
Nevertheless, "My Life's Work" as he has described the budget problem, was finally crowned in June 1984 with as good an agreement as Britain could have hoped for. As Sir Michael points out, Britain is now an "ordinary" member of a Community which may or may not be heading one day for a federally united Europe. Defining its objective, he says, matters far less than realising that its members are steadily conceding sovereignty out of the need to find common solutions to common problems.

His account of the institutions and the procedures through which this is happening admirably fills a gap in a generally undistinguished literature. Some readers will undoubtedly find it too uncritical and also culpable in ignoring the Community's failure to spark an interest and commitment among the people of Europe who are not industrialists, politicians or farmers.

Now, even Neil Kinnock and the British Labour Party, even the Danes, are now reconciled to the community. Perhaps they too have come to share Sir Michael's conclusion that: If it could in its early years resist General de Gaulle's desire to replace it with intergovernmental co-operation between sovereign states, 20 years and immense progress later it can easily cope with its much less formidable opponents of the present day.

We have come some way since that evening in 1979.

John Wyles



CRIME

PREMIUM ON DEATH
by Roy Lewis. Collins £8.95 208 pages

THE OTHER DEVIL'S NAME
by Elizabeth Ferrars. Collins. £8.95. 183 pages

ERIC WARD, Roy Lewis's understated cop-turned-lawyer, in a previous novel married a young and beautiful heiress. Much of this new book concerns the investment of a large sum of her money. At first reluctant to become involved, Eric then puts many backs up by asking awkward, even arrogant questions. More talkative than most Lewis novels (we learn an excessive amount about marine insurance), and marred by a too-unlikely denouement in Spain, Premium on Death is a departure from the muted, secured Lewis style. Still there is much in it to enjoy.

Andrew Basnett, protagonist of other Elizabeth Ferrars adventures, has an unfailing ability to get himself into trouble. Here he goes to visit an old friend and his sister in a quiet Berkshire village. Quiet on the surface, that is. Actually, the place is a vipers' nest of scandal, blackmail, anonymous letters, mysterious disappearances — and finally — murder. Sound and sensible, the book has all the usual Ferrars charm and wry, acute observation.

PUBLISH AND BE KILLED
by Anne Morice. Macmillan £7.95. 190 pages

A PRIVATE PROSECUTION
by Eileen Dewhurst. Collins £8.95. 205 pages

FOR AN apparently gifted and successful actress, Tessa Crichton seems to spend an inordinate amount of time resting, between engagements. But admirers of her chronicler, Anne Morice, can only be grateful for this lack of alertness on the part of managers, because these supposedly idle times are regularly spiced with homicide, and Tessa—with or without her policeman husband—regularly arrives at the solution. This time she becomes involved with a dotty family of actors and writers. There is a complex business of fake letters, an unfinished scandalous autobiography, disguises. It is all froth, but expertly whipped up.

Eileen Dewhurst describes a costume ball. The adolescent son of the family plays a cruel trick, and is found murdered the next day. Is his death part of a series of killings by a local "Monster"? D.C.S. Kendrick investigates, with patience and comprehension. And in the course of his enquiry, he—and we—come to know a complex, engaging family. Leisurely, but not slow.

William Weaver

Fiction

War and Böll

THE CASUALTY
by Heinrich Böll, translated by Leila Vennewitz. Chatto & Windus. £9.95. 189 pages

PERFECT ENGLISH
by Paul Pickering. Weidenfeld & Nicolson. £9.95. 205 pages

RESPECTED SIR
by Naguib Mahfouz, translated by Rasheed El-Enany. Quartet. £8.95. 154 pages

FAMILY SKELETONS
by Henrietta Garnett. Gollancz. £9.95. 213 pages

SOMEWHERE ON THE Russian front, a drunk German officer is preparing an attack. Deep in his dugout, with a blanket across the entrance to hide the light, he is drawing up the orders that will send 15, perhaps 20 men to their deaths next day. Above him a Russian bomber cruises the night sky, looking for a target. All around, the German soldiers shiver in their foxholes, waiting to die.

Suddenly one of them leaves his hole to answer a call of nature. He is gone some time. In his absence a light appears outside the officer's dugout. Some idiot has left a candle there. The Russian plane homes in, there is an explosion, the officer's dugout is destroyed, the officer with it. The men relax in their trenches. There will be no attack next day . . .

Or the day after, if the soldiers in Heinrich Böll's posthumous collection of short stories The Casualty have their way. They are not heroes, even though some of them have been decorated as such. They are ordinary young men, boys mostly, terrified of anything to do with fighting.

But the Germans are not the only victims in these stories. A Russian suffers too, a boy whose aquiline features lead to a case of mistaken identity and a one-way trip to the execution pit outside town. Cause of Death: Hooked Nose, according to the hospital records. And an American, a serviceman in post-war Germany, contemplates suicide in the Rhine because a German girl will not have him. He ends up saving a German boy instead. The boy has lost his family's ration cards, and wants to kill himself because he knows they are irreplaceable.

All in all, a thoroughly bleak collection by a modern German master, winner of the Nobel Prize in 1972. The stories will not cheer anyone up, but they are outstandingly written, most of them, outstandingly translated too. It is perfectly possible to understand and sympathise with the ordinary soldiers depicted here, even if one's stock of enthusiasm for the German army as a whole is easily exhausted.

Paul Pickering's second novel Perfect English deals with war too, though in a more contemporary, less apocalyptic vein. It covers much the same ground as his first, the politics of Latin America, and more particularly Nicaragua, where his Cambridge-educated hero Johnny Morgan arrives to support the Sandinista cause against the Reagan-backed Contras. He and girlfriend Catherine carry Kalashnikovs and are working for Perfect English, a Californian charity dedicated to liberation theology—winning the poor back to the Catholic Church by espousing the Marxist ideology of the slums.

The Sandinistas take their name from Sandino, a revolutionary hero murdered by the Somoza family in 1934. His grave has never been found. Never, that is, until the author digs him up, preserved in sugar, and lays him on a table, prior to embalming as a national icon. Unfortunately, Johnny and Catherine happen to be passing and mistake the sugared remains for sweetmeats . . .

Black humour then, interspersed with more or less straight reporting of the Nicaraguan situation from an author who was once the Times's man on the spot. The blend is a little uneasy. He might do better next time to hive off the serious stuff for a work of non-fiction. But the humour has its moments, particularly Johnny explaining to the disapproving Sandinistas that the English deal with their peasants by learning how to shoot them in the Corps at public school.

Respected Sir, by the Arab novelist Naguib Mahfouz, is one of his later works, written with heavy irony. It traces the career of Othman Bayyumi, a lower-class Egyptian, who joins the civil service as a clerk and works his way up to become Director-General, each step on the ladder being pursued with overblown, almost religious zeal. He in turn is pursued by various women, but ends up marrying the prostitute he has known for years. It's an odd tale, ultimately a little thin: it might perhaps have fared better as a longish short story.

Henrietta Garnett's Family Skeletons is a first novel in the romantic tradition, written by a grandmother in 1945. It follows the life and loves of Catherine — orphaned mysteriously in a boating accident—who never knew her parents and grows up with her uncle in a large, isolated house by the sea. She marries her cousin Tara, and after his death sleeps with his cousin Gerald. The enigma of her early life is cleared up in the end, but the author's attempts to create an aura of mystery around the central character sometimes succeed in confusing the reader as well.

Nicholas Best

This magnificent exhibition at the Hayward Gallery delights **William Packer**

Genius of Rodin is fully exposed

OF ALL the great artists of the later 19th century, the period of the first heroic phase of the modern movement, Auguste Rodin has always been the most singular, awkward and hard to place. In the face of the work itself there can never have been any doubt of the extraordinary force and vitality of his creative genius, that much debated but sometimes necessary word; but quite where his gifts and achievement place him in critical terms is another question.

A number of factors combine to make the difficulty. He appeared, it seemed, the heir to a decadent academic tradition, which he rescued, dusted down and set in a new direction. And yet he, the great sculptor, stood quite alone, set apart by the very scale of his achievement which itself would seem a burden to those who came after him. The received impression was that he was *sui generis*, a kind of freak or sport of art and nature that could be set into no other critical context but what he supplied himself.

The great painters of his time, by contrast, suffered no such isolation for they had that handy collective, Impressionism, to draw them together, to give them their place in their own time, with and against each other. But, like many such apparently useful labels, the more we look into Impressionism, the more there is to it of convenience than substance. The critical world moves on and by degrees our attitudes and understandings change. Ever since the last major Rodin show in London, at the Hayward Gallery in 1970, our view of the art of the 19th century has changed utterly.

"Jean d'Aire" (definitive state)

That exhibition set the scene and opportunity for modernism, and with it our view of Rodin and the Impressionists. For when an hermetic category is broken up, or simply outlives its usefulness and falls apart, we are free to make constructive and surprising new connections and relationships with the elements it once contained. With so many of the impressionists lately re-examined closely in the full range of their own work and re-set in the broader contemporary context, Rodin now stands less the man apart than once he was.

And while this piecemeal review has continued of artists already acknowledged as of the first importance, so a more generous interest has been shown in the generality of academicism and the salon, which both educated and set off the reaction to it. Rodin was not so much a revolutionary as an artist who matured slowly within an established tradition, which he then turned to his own purposes, for he was into his forties before he really declared himself.

The great strength of the magnificent exhibition, which Catherine Lampert of the Arts Council has selected and arranged at the Hayward Gallery (until January 27) is that it should give us so full an account of the emergent Rodin, the tentative exploratory artist of the 1870s and the astonishing blossoming into full, confident and public maturity with the 1880s. Of particular importance is the mass of drawings of this period, which are virtually unknown, except to Rodin scholars.

That Rodin was an extraordinary and particular draughtsman, and immensely prolific, is general knowledge, but it is by the later drawings, with their light washes of colour and rapid, simple linear notation of the image, that we know him. These too are beautiful and delightful, and represented here by a fine selection. They are almost exclusively studies of the female nude; studies that often relate directly to sculpture, often openly erotic and sometimes of an almost anatomical frankness. But here it is to the earlier drawings that we return, and drawn to them not merely by the pleasures of unfamiliarity.

Clearly they are the product of the same hand and sensibility, the line informed by the same nervous energy, the image more suggested than described, and conjured out of the same swirling wash of tone or colour. But there is also a quality of more positive engagement to them, a sense of an unselfconscious expressionism, even at so early a date when the artist must discover his idea and establish its image. It is a process, not of calm consideration and choice, but rather of rapid intuitive decision, the direct, unmediated expression of feeling.

And it keeps us close to the sculpture, for these are just the qualities we find in the sculpture from first to last, but none of it more so than the early symbolist maquettes in plaster and terracotta. The myth that great sculptors make great draughtsmen has some truth to it: Rodin is one who both confirms it and gives it the lie. For the excitement and power of great drawing lie close to the immediate experience in the artist of observation, discovery or statement, and the consequent knowledge of the image in the most biblical of senses. We get in some of the later drawings, but not in the earlier, a sense of elegant and effortless demonstration.

But it is the sculpture that the drawings serve, and Rodin the sculptor, the integrated artist, whom we celebrate with this exhibition. Beautiful though it is in its arrangement, and impressive in its effect, it is not simply an exercise in showing the artist by his greatest works, Miss Lampert makes this clear in her introduction to her splendid monograph, which serves also as the catalogue (published by the Arts Council and Yale University Press at £9.95 during the exhibition, £12.95 thereafter).

Her intention has been to offer a view of Rodin not available through museum collections, not even through the Musée Rodin itself. The result is that we are shown much more that is fresh and unfamiliar rather than just the early drawings. The emphasis lies with the personal and intimate aspects of the work, with the exploratory and the experimental, with the development of ideas rather than just their resolution. Certain themes are picked up and followed through. They are both personal and creative, such as his relationships with his models and female students, and his preoccupation with great literary figures and the nature of creative inspiration. The physical sexuality of women, often idealised and transmuted into a symbolic sensual spirituality, clearly obsessed him throughout his life.

But it is perhaps in the work direct from the figure, in the portrait studies especially, rather than in the more ambitious essays in romantic, symbolic expression that we find Rodin at his most resolved and profound. He was always more the modeller than the carver and his work, even at its most considered, has all the essential speed and directness of statement of the medium of modelling in clay.

From that private communion between the artist and his model, in which all other considerations fall away before the demands of seeing, understanding and realisation, have come the most lovely and haunting works of all, though they are among the smallest in the exhibition. There is the head of Gwen John, for example, modelled from life for the aborted Whistler Monument, and her figure for it too; and the tiny head of Camille Claudel, his long-time model and mistress, in the case nearby. He comes near to admitting as much himself: "... but a portrait of a woman is another thing, their nature is not ours, we are far from grasping it; we must therefore be respectful and discreet. We must be circumspect in unveiling their tender and delicate mystery. Even with them, always the truth, but not always all the truth. Sometimes we may, just a little, drop the veil."

The Rodin Exhibition is sponsored by Pearson plc, in its continuing policy of supporting one major event in London each year.

"Le Crépuscule" (two girls embracing)

Records

Poulenc lives on

Poulenc: Vocal and instrumental pieces. Allen, Nash Ensemble/Friend. CRD 1137, also on cassette and compact disc.

Leguerney: Mélodies vol II. Ollmann, Massell, Dibbern. Harmonia Mundi HMC 1172.

Webern: Songs with piano. Dorow, Rudolf Jansen. Etcetera / Harmonia Mundi ETC 2008 (two records), also on cassette.

Rodgers & Hammerstein: South Pacific (dialogue omitted). Kanawa, Carreras, Vaughan, Patinkin, Ambrosian Singers, London Symphony / Tunick. CBS SM 42205, also on cassette and CD.

Though none of the 20th-century music here expects its singers to do anything but straightforwardly sing — no loud-hailers, no electronic manipulation, no pop-music tricks, no *Sprechstimme* — this brief list includes extreme variety, and no tidy historical progress. The newest music is not South Pacific, but some of the Jacques Leguerney songs; Leguerney's only musical relative within earshot is Poulenc, whose 1932 cabaret-cantata *Le Bal masqué* is two years older than Webern's last solo songs, which sound far more "advanced," but feel much less contemporary.

Poulenc's uncomplicated modernism of a half-century ago has survived buoyantly. A serious study of why it goes on working, when everything else that came from members of "Les Six" has dated, is yet to be written. It would begin, I think, from Stravinsky's approving comment that Poulenc "invents his own folklore": every element of the music has a deceptive, disarming air of pastiche, behind which Poulenc gets on with his original surrealist constructions without the analyst's noticing.

The new CRD collection by Thomas Allen and the Nash Ensemble is a shameless delight. The mixture of chamber pieces (the Trio and the later Sextet) with voice-and-instruments music is savoury, drawn from Poulenc's first mature period, and every performance does justice to the instant switches between vaudeville verve and tender gravity. Ian Brown's piano leads the races brilliantly, with virtuoso competition from his colleagues; Allen is very good in the Apollinaire set *Le Bestiaire* (Poulenc's answer to Ravel's *Histoires naturelles*), and splendid in the raucous, savagely comic *Bal masqué*.

Hardly anybody knows anything about Jacques Leguerney, who turns 80 this month. Before he stopped composing some 20 years ago, apparently in dudgeon because a ballet commissioned from him was never staged, he had produced a rich haul of songs. Enough distinguished musicians admire them to have moved L'Action Musicale Seita, a non-profit patron group, to fund a complete recording on two discs. The performers are all American: the baritone Kurt Ollmann, a model Souzay pupil, is abetted by the pretty soprano of Deborah Massell and Mary Dibbern's expertly sympathetic piano.

Leguerney was no kind of revolutionary, and he was bound to be overlooked by all those music-historians who subscribe to Diaghilev's prescription for good new music: "Astonish me!" Leguerney's songs are not astonishing, just highly successful. On the one hand they share the climate and the common vocabulary of *mélodies* from Fauré to Poulenc, without radical inventions; on the other they are modestly, consistently original in detail, sensitive to their texts and grateful to singer and pianist alike. If there is still room for conservative modern composers to stake places in the repertoire, Leguerney ought to be among the lucky ones. It is a pity that the records include no texts (though there is a Shakespeare song in English among the Ronsards and Racines), but at least Ollmann's French is clear and idiomatic.

Dorothy Dorow's Webern collection—all the songs with piano except a couple of early ones for bass voice—is a gentle revelation. Half of the songs are technically juvenilia, published long after Webern's death; another unfamiliar four, on Stefan George texts, belong with the canonical George songs of opp. 3 and 4, and are of the same high quality. What Miss Dorow and her intelligent accompanist reveal, with the advantages of her unshowy skill and her preternaturally wide range (only one or two fearsomely high-flying songs tax her), is the development of a born Lieder composer.

Even Webern devotees are inclined to think of his song-writing as typified by his almost unsingable, severely contrapuntal pieces of the 1920s. The 1910s survey offers a truer perspective: Webern inherited the lyrical ideals of Hugo Wolf, according to which a song is not a tune-with-accompaniment, but a close-knit construction to which piano and voice contribute equally in faithful service to the poem.

The new *South Pacific* is of course a sequel to the recent opera-scale *West Side Story*, with the same two upmarket stars. There, Dame Kiri's *grande dame* style was adapted to innocent little Maria with variable success; Nurse Forbush in *South Pacific* is tougher grownup, and the Kanawa version has ringing conviction (though "I'm Gonna Wash that Man, etc," sounds cross and disgruntled compared to the zestful Mary Martin original).

Sarah Vaughan makes a delectable meal of Bloody Mary's songs ("Bali Ha'i" never was anything more than a rewrite of "Indian Love Call"), cheerfully subverting the middlebrow idiom. Mandy Patinkin, the juve-lead tenor, copes with the verbal horrors of "Younger than Springtime" by treating them at rapturous face-value. The supporting singers are first-rate; the LSO is a tiny bit stiff—but Robert Russell Bennett's fake-Viennese orchestral elaborations have faded faster than Richard Rodgers' tunes, which deserve a plainer, punchier treatment without the abject culture-consciousness.

David Murray

Allen turns on plastic patter

Dave Allen Plastic might be more appropriate to this synthetic turn, made up as it is of uncertainly conflicting elements. What begins as the humour of gentle everyday observation turns into the hectoring monologue of the saloon-bar loudmouth who buttonholes you and could turn nasty at any minute.

I have never seen Mr Allen on television but his relaxed manner is supposed to explain much of his success. There was a ripple of recognition from the audience at the sight of the spotlit studio chair bearing a glass (of lime?) and the microphone on an otherwise empty stage. Paradoxically Mr Allen live is very unrelaxed, resorting to ear-splitting shouting at comic climaxes, a faintly unsympathetic personality projecting sometimes unlikeable material in a bumptious manner.

The trouble is, he has discovered America. Or vice versa. Thus the reflective comedy of shared experience—picking the wrong queue in the post office, health shops ("hairy women with sandals"), unmanageable milk cartons, cling-film and sticky tape, disappearing bank cashiers (or "tellers" as he tellingly calls them) — is sprinkled with expletives as if they were the usual mode of expression in everyday conversation, at least in the Allen household.

When not overdoing the commonest American physiological insult (pretty fundamental), he recalls other and better comedians. His account of teaching his daughter to drive inevitably brings Bob Newhart's irresistible "Driving Insructor" monologue to mind. The latter managed to be funny without yelling "Stupid bitch!"

Apart from the famous relaxed and intimate manner that seems to have evaporated out of the confines of a TV studio, Mr Allen's material is frequently venerable and predictable. Political jokes are not of the most subtle and are perhaps more in tune with telly watching than the slightly more sophisticated demands of a one-man West End show. "He who returned from the embalmers—and they say there's no life after death" is how he refers to President Reagan. *Spitting Image* is more savage, *Week Ending* wittier. And what would generations of TV-nurtured comics do without the Catholic faith? Look for original material freshened by a little wit, perhaps? It takes someone very special to carry a solo show for two and a half hours. Still, Mr Allen is big in Australia. His *bon mot* over the grannies who hold him up in the queue ("You f—ing old geriatrics, why can't you die? I want to buy some stamps!") will doubtless go down a treat.

Martin Hoyle

Happy Aurora shines

The first *Sleeping Beauty* of the season at the Opera House revealed the Royal Ballet's staging as newly furbished with sets for the first and second acts. Both are welcome, David Walker's colonnaded park setting for Aurora's birthday especially pleasing, his rather tightly drawn forest for the vision sequence not helped by insensitive lighting.

The production remains otherwise unchanged — save for the extended travel of the Lilac Fairy's boat which now re-crosses the fore-stage on its journey to the enchanted castle —and its ungainly musical cuts in *the panorama*, and the awful hustle of the dance action as the evening progresses, are matters which must soon be remedied. What must be instantly attended to, if Thursday night's performance was any guide to standards, was the insensitivity of the musical presentation: thin string tone, fudged entries, made the appearance of the Fairy Godmothers unhappy listening.

With memories of the Bolshoy's way with classic dancing still fresh in mind, it is also disconcerting to see dancing so physically ungenerous, so prissy, as the Royal Ballet's account of a work demanding splendour of utterance from every person on stage. I am not suggesting that we ape the Russians, but the richness of Chaikovsky's music, the grand outlines of Petipa's dances, are ill served by some of the petty stepping to be seen on this occasion, and by indecisive command of technique. (The Fairy cavaliers of the prologue produced quaint double *tours en l'air*, with only Anthony Dowson seeming secure in the step.)

The Aurora of the evening, Fiona Chadwick, brings a great deal of technical and emotional brightness to her role. This is a happy, unafraid reading, with every challenge met by a secure and buoyant manner. The dance is shot with sunlight, and though the Rose Adagio's balances spoke of an effort to poise too long, this Princess is worthy of her name in radiant charm. Especially fine the clarity with which Miss Chadwick enunciates the smallest step: a quick-running *pas de bourrée* is like an impeccable trill; the placing of accents in the Vision solo never breaks the pure line of its continuity. It is still a "young" reading, but everywhere attractive, and respecting the best traditions of the ballet.

Mark Silver was an elegant Florimund, a prince in every step of the great pas de deux, though not perhaps projecting enough of that emotional fervour which makes the character ready to fall instantly in love with the vision of an unknown beauty. The Bluebirds, Cynthia Harvey and the ever-improving Anthony Dowson, were handsome in their command of the transcendental flutterings of their roles.

As final notes in passing, I think it inadmissable that Gallison, the Prince's tutor, should now end the game of blind man's bluff by clutching at the Countess's corsage: it is the first time I have known this moment to get a cheap laugh from the audience. And I record with continuing pleasure the masterly portrayal of Catalabutte by Leslie Edwards: it is a reading of enduring excellence and dramatic aptness.

Clement Crisp

Radio

Camus can take a bow

ALBERT Camus's *La Peste*, dramatised for radio by Guy Meredith, who for some reason has left the title in French (and the Radio Times has printed it in proper French orthography) was given a real Drury Lane production on Radio 3 on Tuesday. There were 20 players, if you include the uncredited dying child, half a dozen of them stars of the radio drama world, and the play was allowed a full two hours. It was worth every second of it.

The honours are mainly due to Camus, for the book is full of incident, moving or exciting, that transfers effectively to sound. The long commentaries acknowledged in the final pages as the work of the hero, Dr Rieux, have mostly been converted into dialogue, but some were retained and spoken by Ronald Pickup as Rieux. The incidental sounds were natural, not excessive. They included the squeaking of rats, the moaning and choking of plague victims in the hospital wards, a particulary good collapsing building, well-chosen records of the French popular music of the 1940s, and in their way they were as much part of the narrative as the dialogue.

The story of an outbreak of bubonic, and later pneumonic, plague in Oran, streams along on its supporting details—Rieux's wife dying in a sanatorium while he fights the outbreak, the reporter Rambert's discarded plan to escape quarantine and join his mistress, old Grand's ambition to write a romance, Castel's new serum, Cottard's violent entry and more violent exit, the conflict between medicine and religion.

Every moment of the whole two hours was filled with worth-while listening, and the playing by Ronald Pickup as Rieux, John Shrapnel as Tarrou, Alfred Burke as Fr Paneloux, *Clive Merrison as Rambert*, Maurice Denham as Grand, indeed of all the company under Cherry Cookson's direction, was sharp and truthful. In 1947, when the novel was published, the plague was accepted as an analogue of fascism. A little of that still remains—in Rieux's remark, for example, that a teacher in school would go on teaching that two and two make four, though he knew that there might come a moment in history when to make such a claim might be punishable by death.

At the foot of the Radio Times entry for the play it says "Hear This, page 23." I turned to *page 23, hoping for some* information about the adaptation, the use of sound, something about the production. What I found was a gossipy paragraph about Maurice Denham with no mention of *La Peste* but its title. "Hear This" *is virtually the only* space the Radio Times gives to radio. I should have thought it might once have risen above its usual trivial stuff for a production like this.

The excitements of *Blood Rains* by Mike Walker, Radio 4's Monday play, depended more than *La Peste* on pure artifice. Artifice was the basis of the plot, to begin with. The Malayan-Chinese wife of a *businessman in somewhere* like Milton Keynes thinks she knows a stranger whom she sees in the bank. Then she begins to dream about a raid in Malaya when a British soldier killed her father and mother, a dream in *which she heard her parents* talking Chinese, which she no longer remembered.

With some outstanding work on the part of the War Office, of which we were not given the details, she tracked the sinister stranger down to his former persona as the parent-killing soldier. She got herself a job in his firm, where she broke into his confidential files. What she found there we were not told, but there was a hint of blackmail, for he acceded to every demand she made. She became his secretary, she minded his baby when he and his wife went out. Then she lured him to the place in his warehouse where big vats of nitric acid were stored and challenged him with her idea of how he had killed her father *and mother*. And then went home.

Too many improbabilities altogether, especially for a Monday Play. Too much of the story had to be underlined by sound-effect, including specially-written music. The *dialogue* was of the kind that includes my all-time unfavourite line. "What's that supposed to mean?" The Malayan episodes were slipped in by director Peter King where they could have their best effect. Norman Jones played the unhappy ex-soldier. Megumi Shimanuki played the Chinese lady.

B. A. Young

Chess Solution No 644

White wins by 1 B-K7! QxB (Q-K1; 2 P-Q5 mate); 2 P-Q5 ch, K-Q3 (K-B4 loses to 3 Q-R3 ch and 4 QxQ); 3 Q-N4 ch, P-B4; 4 PxP en passant ch, K-K3; 5 QxQ ch, RxQ; 6 P-B7 and *queens (a study* by Clausen).

Swatted by the mean Green Machine

Nick Garnett on the rugby league wizards from Australia who have yet again turned Britain's best into pumpkins

"YOU CAN'T play one-man rugby against these guys, you puddin'." It was a cry of anguish from one of the 50,000 rugby league fans shoehorned into Manchester's Old Trafford ground last week as yet another Great Britain player on a suicidal solo run disappeared into the black hole of the Australian defence.

The first rugby league test in the three-match series with the Kangaroos, which Britain lost 38-16, included a performance from the home side of such stunning ineptitude that the flow of acidic comments from the crowd eventually dried up into an incredulous silence. It was their 11th successive defeat by the Aussies.

Great Britain's players will surely not repeat this bumbling mockery in next week's second test. But the submergence of Britain's most talented players into a shapeless formation swatted like a drunken fly by the extraordinarily fit and disciplined Green Machine underlines a rather simple fact.

The Australian rugby league production line has churned out the world's best national side *for the best part of nine years;* while in the past few years the Aussies have also bred the world's best rugby union team, with the possible exception of South Africa's Springboks who are barred from international competition because of their government's racial policies.

So much for those in the class and taboo-riven environment of "amateur" British rugby union who still see any *spread of the professional* 13-man code as an evil that would damage the 15-man game. The question is: How do the Australians do it?

The condition of Australian league football underscores the way British professional sport in general is locked into a low-paying economy. Star players in the mercilessly tough Sydney and Brisbane leagues enjoy contracts worth anything from A$45,000 (£22,000) to A$80,000 a year. With win bonuses of A$500 a match, a top player in a successful side can haul in A$90,000 or more.

As most of these players also work as sales reps, local authority officers, truck drivers and *labourers, rugby league* is a route to not-insubstantial wealth. One of the Australian tourists, 6 ft 4 in Paul Sironen, a 21-year-old with a Finnish surname, turned his back on an American football contract comforted by the knowledge that there were large earnings potentially available to add to his policeman's pay.

In British rugby league, where match win bonuses are *around £120 (A$250) only a few* of the top players (apart from some imported from rugby union or abroad) are earning the stratospheric sums of £10,000 to £15,000 year.

In Queensland and New South Wales, the main Australian centres for league, the game is bankrolled by industrial and commercial sponsors and by Channel 10 television via the league structure. That has not prevented some clubs, like Cronulla in Sydney, from slipping into a state of financial collapse that required a rescue package; but Don Furner, the Kangaroos' coach, says he is picking players from clubs typically operating on $1m budgets.

The money helps to create the right environment, but cannot on its own explain the way British teams have been pulverised by the Kangaroos with sickening regularity since 1978 —the 1982 tour by the green-and-golds residing in the memory as a nightmare of particularly lingering horror.

The seemingly tireless dominance of the Aussies—save for a test series defeat by New Zealand two years ago—seems to be based on two things. One is a professional coaching structure with roots deep in the high schools, the standards of which are protected by a rigidly-enforced system of coaching certificates. Regular clinics by top players at schools and junior clubs are bolstered by an administrative structure that includes a development officer for all seven Australian states. Neither league nor union in Britain has anything like this set-up.

In addition, the selection of players for the national Australian squad, although bedevilled by political infighting between Queensland and NSW, is greatly helped by the annual three-match State of Origin series in which the best players are pitted against each other in bitterly-contested matches.

The other cause of Aussie dominance is the way the game there is built on venomous defence. The emphasis of the US gridiron game on shutting down the opposing side's space and not losing possession has been absorbed by all the top league teams. This is also becoming increasingly prevalent in Britain, particularly at cash-rich Wigan, but the home game is apparently developing more slowly than people had hoped.

Within the framework of Australian play, the game's shock troops—the forwards—are required to maintain a level of fitness that gives a 15-stoner, who might have to make 40 or more cover tackles a game, the strength to attack and harry with little respite for 80 minutes. In the best league teams, there is no hiding place for a forward.

Fitness is tightly policed by the clubs, not least through match-by-match tackle counts or "hit leagues" based on the defensive work of each player.

There is little difference between the overall weights of the forwards in the two national sides; but over the past 10 years or so the Australian player (backs, too) has remoulded his physical shape with much greater emphasis on upper body development. While this is also altering the appearance of British players, Australia is consistently more successful at breeding big men who can sprint—body mass and speed being an unbeatable combination for laying siege to a defensive line.

This is particularly noticeable at centre where two of the Kangaroos, Gene Miles and Mal Meninga, although little more than 6 ft tall, weigh close to 16 stone and have tremendous acceleration over 20 metres.

Australian discipline, marshalled on the field by mouth and pointed fingers from stand-off and captain Wally Lewis and tiny scrum-half Peter Sterling, have been married in recent years to a skill level which, [illegible] concedes, was adapted from the British style of play. Offloading the ball in the tackle, combination play and the bullet pass are all part of the Australian game.

Despite all this, few people believe this year's Kangaroos to be as formidable as the 1982 team which steamrolled their way undefeated through Britain and France. The home side scored three tries at Old Trafford, more than they did in the whole of the 1982 test series.

If there is a flaw in the Kangaroos' game it is a tendency towards an overly square defensive line. In the 13-man code, once the defensive wall is breached the attacking side is *immediately in open space*. British supporters must hope that their skilful and speedy half-backs can leave the Mogadon at home next time while the cover defence actually provides a defensive cover.

Golf you never see on telly

Not all champions of the greens and fairways are men. But why, asks Nicholas Keith, do we see so little of the new breed of star women?

FROM WATCHING golf on television you might think that the *game was only for powerful* male professionals who hit the ball vast distances, hole monstrous putts and achieve astonishing recoveries if ever they do find trouble in bunkers, trees or thick rough. Having seen Greg Norman or Seve Ballesteros, the worldwide army of dedicated club amateurs is surprised and frustrated that it cannot ape its heroes on the course.

It is easy for amateurs of all levels to forget that they do not possess the sheer strength and hand-eye co-ordination of the pros, who hone their natural talents with hours on the practice ground. We would all be much better advised to ape the top *women* pros, who rely on timing and tempo. Their swings have a gentler rhythm than their male counterparts, so it would be more sensible and beneficial *to use their styles as our models.*

Unfortunately, you will have to wait until next year because women's golf is rarely shown on television and the European tour finished last weekend at La Manga in Spain. There the circuit reached a fittingly furious climax with Liselotte Neumann and Laura Davies striving to be the year's top money-winner and earn a bonus of £5,000 from Ring & Brymer, sponsors of the merit table. Davies won the event, taking her earnings to £37,500, just £500 ahead of Neumann.

Davies and Neumann represent a new breed of young "proettes" which has taken over the tour in the past two years. Davies is just 23, a former Surrey amateur champion who turned professional *after playing in the 1984 Curtis* Cup. In 1985, her "rookie" year, she finished top of the order of merit with £21,000. She has made her mark with some prodigious hitting: in a *recent* contest at Stoke Poges in Buckinghamshire, she achieved 282 yards and outdrove top amateurs such as Peter McEvoy, a former British champion.

Davies is a well built girl (5 ft 10 in and over 11st) but she is no Amazon, and her length is achieved with a relatively short swing and little effort. It does give her a huge advantage over her rivals because she can reach every par-five hole in two easy shots, so that she starts every round at a potential four-under par. Her English looks — an open, *freckled face framed* by blonde hair — and easy-going manner make her a splendid advertisement for the women's game.

"She is the women's Tony Jacklin," according to Colin *Snape, who resigned this week* as executive director of the Women's Professional Golf Association (WPGA). Her eyes are already on the US. This year, she finished 11th in the US Open at her first attempt and she will try for her American players' card next October, when the 1987 European season ends.

Neumann is also in her second season as a pro. She is a 20-year-old Swede who is as cool and efficient as her compatriot, Bjorn Borg. Her temperament and a classic swing make her a perfect foil for Davies.

Behind them come Gillian Stewart, who is 27 and another of the 1985 intake; Debbie Dowling, 24, who won the recent Laing Classic at Stoke Poges with a score of 14-under par and is considered by many experts to have an ideal method; and Muriel Thomson, who has been on the tour since it began in 1979 and has twice finished top of the order of merit. Next year they should be challenged by Patricia Johnson, who has turned professional after helping Britain to beat the US in the Curtis Cup this summer for the first time in 30 years and only the third in all.

The advance of the younger brigade has helped to save the tour. In 1982, the WPGA had reached its lowest ebb and was threatened with extinction: there were only two proper tournaments, other than pro-ams, and the prize fund was a paltry £150,000. Snape was given responsibility for turning things round.

An accountant by training with a commerce degree from Liverpool University. Snape was a marketing expert on the men's PGA which he has served for 13 years. It was crucial to build up the prize fund to tempt leading women amateurs into turning professional. This year more than £700,000 was at stake and in 1987 the fund will top £1m, with two six-figure tournaments.

This is small change compared with America, where this season's leading money-earner, Pat Bradley, has won over $500,000—more than three times the *career* takings of Dale Reid in the WPGA, with £105,000. But Snape says: "It must be put in perspective because the WPGA is about 15 years behind the men's circuit in Europe, let alone the LPGA in American which has been going so much longer." He is encouraged that the tour has proved particularly attractive to sponsors in mainland Europe, whereas the British are more accustomed to golf and are therefore more blasé about it.

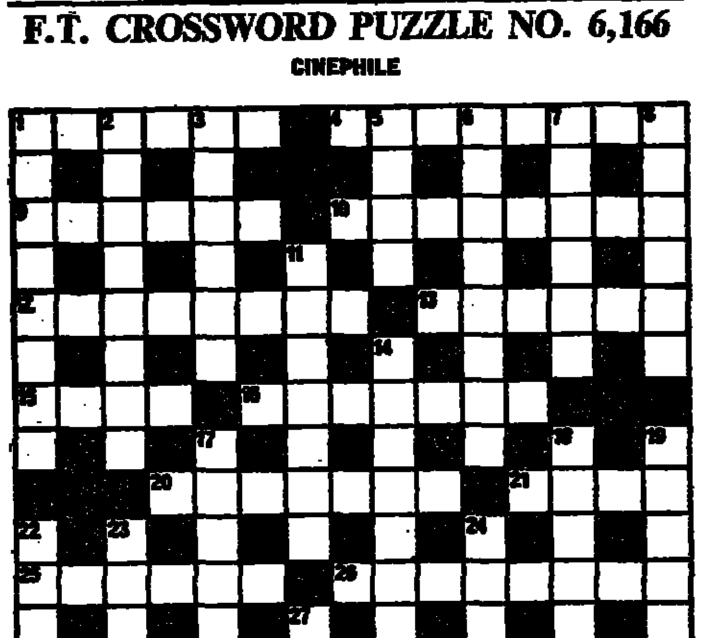
The image of the women's game must be protected and promoted, especially if they are to "break the television barrier." Discipline and dress are important to Snape, who was quick to fine Laura Davies early in her career when, in his view, she was sloppily turned out. ("A new pair of trousers costs £50, and look what it has done for Laura Davies," Snape joked, but with a serious undertone.)

There is a cheerful camaraderie among the WPGA players to go with their professional rivalry. The improved morale and prizes have transformed standards to such an extent that the TV programmers should have another look at the women's game, although they are notoriously blinkered and stodgy. "Unfortunately," says Snape, "when the British Women's Open was last televised it was won by a Japanese in foul weather, which did nothing for the image of the game."

Now that the sun is shining again on the women's tour in Europe, everyone should sit up and *take notice, both for their* golfing education and entertainment.

F.T. CROSSWORD PUZZLE NO. 6,166

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

1 across=8=23=29; 9=7=22=31; and 12=6=17=26. The clues to these are incomplete.

ACROSS

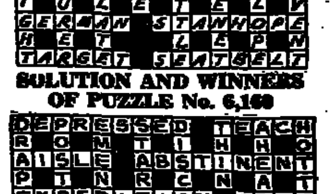
1 Variegated *cedars* (6)
4 Stuttering Irishman introduced by American soldier as a publicity stunt? (8)
9 Come to the throne (6)
10 Conductor where buses leave? (8)
12 Look back at rice drink (8)
13 Toscanini, perhaps, showing creative skill before our turn (6)
15 A B C D F or G? (4)
16 Eastern seabird, a student for all time (7)
20 Drink so weak inside as to be non-existent? (7)
21 Network keeps me quiet! (4)
25 Try hard to fight (6)
26 Put a coat of plaster round a motorway (8)
28 Men with ovens produce poisons (8)
29 Playwright (6)
30 Trust man to have fits of temper (8)
31 Evasive politician left inside (6)

DOWN

1 Punishment given at length by monarch (8)
2 Garden pests eat awfully nice old people (8)
3 Most like the above hotel destroyed in part (6)
5 Goat, live in 9 (4)
6 Opinion poll in something to eat (8)
7 Anti dog? (8)
8 Give a cry of pain (6)
11 Vague and timid about *monarch* and the rest (7)
14 Derange deranged nobleman (7)
17 Little money to come from Paris (8)
18 I leave Stevenson in drug plant in front of car (4-4)
19 When to construct yard with huts (8)
22 In the manner transmitted (6)
23 Shropshire arms in Yorkshire district (6)
24 Garment for Kipling's boy on round (6)
27 Muslim leader says he's a French gentlemen (4)

Solution to Puzzle No. 6,165

SOLUTION AND WINNERS OF PUZZLE No. 6,160



Miss F. Cruickshank, London W14; Mr R. Lovett, Witham, Essex; Mr K. W. Hargrove, Bude, Cornwall; Mr E. D. Watson, London W3; Mr E. A. Hontoir, Porthcawl, Glamorgan.

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1

8.30 am The Family Ness. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand including 1.00 News; Football Focus; Swimming (Yorkshire Bank International); Championship Bowls (The CIS Insurance United Kingdom Indoor Singles Championship): Racing from Chepstow; Tennis (Nabisco Wightman Cup); and at 4.35 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Roland Rat—The Series. 5.45 Doctor Who. 6.10 The Noel Edmonds Late Late Breakfast Show.

7.00 Every Second Counts. 7.35 That's TV Entertainment. 9.00 News and Sport. 10.45 Bodyline. 12.10 am Bowls (The United Kingdom Indoor Singles Bowls Championship) and Tennis (The Nabisco Wightman Cup).

BBC 2

12.40-1.30 pm Open University. 2.15 Film: "Silk Stockings," starring Fred Astaire, Cyd Charisse and Peter Lorre. 4.10 Television Comes to Bradford. 4.40 Bowls and Tennis. 6.15 The Secret Life of Paintings. 6.55 Newsreview. 7.35 Saturday Review. 8.25 From East to West. 9.25 The Film Club: †Film: "I Vitelloni" (Italian with English subtitles). 11.10-1.20 am Film: "Amarcord."

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Knight Rider. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Comedy Classic: The Cuckoo Waltz. 2.45 Daily Mirror British Gymnastics Championships. 4.45 Results Service. 5.00 News. 5.05 Walt Disney Presents. 5.15 The Worst Witch. 6.30 Blind Date. 7.15 Saturday Gang. 7.45 3-2-1. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 LWT News Headlines followed by Hitchcock's "The Man Who Knew Too Much" starring James Stewart and Doris Day. 12.10 am Eric Clapton Live. 1.35 Special Squad. 2.20 Night Thoughts.

CHANNEL 4

9.25 am A Question of Economics. 9.50 4 What It's Worth. 10.20 The Heart of the Dragon. 11.15 Treasure Hunt. 12.20 pm Isaura The Slave Girl. 1.00 Channel 4 Racing from Newmarket and Sandown Park. †2.50 "Convict 99" *(Will Hay stars).* †4.30 *"Out West"* (Buster Keaton stars). 5.05 Brookside Omnibus.

6.00 Right To Reply. 6.30 The Great Australian Boat Race: The America's Cup. 7.00 News Summary followed by 7 Days. 7.30 Strangers Abroad. 8.30 Redbrick. 9.00 Paradise Postponed. 9.55 *Channel 4 Racing International:* The Breders' Cup Races. 10.30 Hill Street Blues. 11.30 Who Dares Wins. †12.15 am "Abbott and Costello Meet Dr Jekyll and Mr Hyde."

S4C WALES

10.35 am Union World. 11.05 A Week In Politics. 11.45 What The Papers Say. *12.00 Moneyspinner Special.* 12.45 pm World of Animation. 1.00 Racing from Newmarket and Sandown Park. 2.50 Equinox. 3.50 Oil.

†4.50 Feature Film: "Angels Wash Their Faces" staring The Dead End Kids. 6.30 Pillar Of Fire. 7.30 Newyddion. 7.45 Talent-lau. 8.15 Noson Lawen. 9.10 Y Maes Chwarar. 10.00 The Breeders Cup Races. †10.30 Feature Film: "Yield To The Night" starring Diana Dors.

IBA Regions as London except at the following times:—

ANGLIA

11.00 am Captain Scarlet and the Mysterons. 11.30 Jack Holborn. *12.10 am Jazz Special with pianist and* singer Les McCann. 12.40 At The End Of The Day.

BORDER

11.00 am The Greatest American Hero. 1.20 pm Simon and Simon. 2.45 Curling: The Famous Grouse Ayr International. 3.45 Gymnastics. 12.10 am Curling.

CENTRAL

11.00 am Spiderwoman. 11.30 Runaway Island. 12.10 am Bob Marley in Concert. 1.40 Central Jobfinder.

CHANNEL

11.00 am Otherworld. 11.59 Today's *Weather.* 12.10 am The Stranglers Video Collection.

GRAMPIAN

11.00 am The Fall Guy. 1.20 pm Magnum. 3.45 Curling—The Famous Grouse Ayr International. 3.45 British Gymnastic Championships. 12.10 am Curling. 12.40 Reflections.

GRANADA

11.05 am Tarzan. 1.20 pm The Bionic Woman. 2.15 Dreams. 12.10 am Hall and Oates. 1.05 Tales From The Darkside.

HTV

11.00 am UFO. 11.58 HTV News. 1.20 pm Chips. 10.00 Club Rugby (Bridgend v Bristol). 10.45 Movie Pre*miere: James Stewart and Doris Day* in Hitchcock's "The Man Who Knew Too Much."

SCOTTISH

11.00 am Jayce and the Wheeled Warriors. 11.25 Batfink. 11.30 Captain Scarlet and the Mysterons. 1.20 pm The Fall Guy. 2.45 Curling. 3.45 Gymnastics. 12.10 am Curling. 12.40 Late Call.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.05 Otherworld. 11.57 TSW News. 1.20 pm Fisheries News. 1.35 Survival. 2.05 Walt Disney presents. 5.05 Newsport. 12.10 am Pellesen and *Pilmark Show.* 12.45 *Postscript.*

TVS

11.00 am Otherworld. 11.57 TV Weather. 12.10 am After Midnight: The Stranglers Video Collection. 11.10 am Company.

TYNE TEES

11.00 am Falcon Island. 11.30 Spider-woman. 12.10 am Blues in Concert. 12.40 Poetry of the People.

ULSTER

11.0 am Greatest American Hero. 1.58 Lunchtime News. 1.20 pm Chips. 4.55 Sports Results. 5.03 Ulster News. 8.57 Ulster News. 12.10 am News at *Bedtime.*

YORKSHIRE

11.00 am Planet of the Apes. 1.20 pm Tuckers Witch. 12.10 am Festival Folk. 12.40-6.00 am Music Box.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm *The News Huddlines.* 1.30 Sport on 2 including Football; Racing from Newmarket; Swiming (The Yorkshire Bank International): Rugby Union (Ireland v Romania): Tennis (The Nabisco Wightman Cup): and at 5.00 Sports Report. 6.00 Brain of Sport 1986. 6.30 Don't Stop Now—It's Fundation. 7.00 Beat The Record. 7.30 Gala Concert. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Bill Rennells presents Nightride. 3.00-4.00 Nordring Rendezvous.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo *Release.* 1.05 *Cleveland Orchestra:* Bartok (Divertimento), Janacek (Taras Bulba) and Brahms (Piano Concerto No 1. with Alfred Brendel). 12.00-12.05 pm Interval Reading). 1.00 News. 1.05 Musica Antiqua, Cologne. 1.40 War and Peace. 2.10 The Schubert Piano Sonatas. 3.00 Vienna Phil*harmonica Orchestra (concert devoted* to music by Schumann: Manfred Overture, Cello Concerto (with Misch Maisky) and Symphony No 2 (3.40-3.45 Interval Reading). 4.35 Music for Bassoon and Piano. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Belgian Organ Music. 7.20 Human *Capital. 7.40 Music for viola and piano* by Reger, Viextemps nd Hindemith. 8.15 The Six Senses. 8.30 "Tancredi." Rossini's opera direct from the Wexford Festival. 9.30 A Modern Mahabharata. Prof. P. Lal uses the epic composed in the third century BC as a springboard for reflections on modern India. 9.50 "Tancredi" (Act 2). 10.30 Between Dark and Dawn (Anthology of poetry on the theme of "dreams") 10.45 "Tancredi" (Act 2 concluded). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 *In Perspective.* 7.50 Down To Earth. 7.55 Weather; *Travel. 8.00 News. 8.10 Today's Papers.* 8.15 Sport on 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Loose Ends. 1.30 From Our Own Correspondent. 12.00 News; Money Box—A Question of Money. *12.27 pm Radio Active* (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.15 Near Myths.

3.30 News; Travel: International Assignment. 4.00 The Saturday Feature: The Real Dynasty. 4.45 *Memoirs of a Fox-Hunting Man. 5.00* The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; *Travel.* 6.00 News; *Sports Round-up.* 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.15 Writer In Prison. 8.30 Baker's Dozen (S). 9.30 Thriller! *9.58 Weather. 10.00 News. 10.15* Evening Service (S). 10.30 Opinion (S). 11.00 Science Now. 11.30 *Radio Times* Comedy Parade (S). 12.00-12.15 am News.

SUNDAY

† Indicates programmes in black and white

BBC 1

8.55 am *Play School.* 9.15 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Talking Business. 10.55 Buongiorno Italia! 11.20 France Actuelle. 11.45 Telejournal. 12.10 pm Sign Extra. 12.35 Farming. 12.58 Weather for farmers. 1.00 This Week, Next Week. 2.00 Eastenders. 3.00 Match of the Day. 4.55 Rolf Harris Cartoon Time.

5.20 Newsround: Childline. 5.50 David Copperfield. 6.20 Lifeline. 6.30 News. 6.40 Songs of Praise. 7.15 Twenty Years of The Two Ronnies. 8.00 Howards' Way. 8.55 News. 9.10 Sunday Premiere: Past Caring. 10.30 *Everyman. 11.10 Discovering Animals.* 11.35 Championship Bowling.

BBC 2

11.00 am No Limits. 11.50 The Cuckoo Sister. 12.15 pm European Gala Concert. Music by Britten, Berio and Beethoven (shared with Radio 3). 1.35 Rugby Special. 2.05 TV 50: Go With Noakes. 2.35 TV 50: The Railway Chidren. 3.00 TV 50: Crackerjack.

5.00 Wheldon Talking. 5.50 Going For A Song. †6.15 Face to Face. †6.45 Juke Box Jury. †7.15 The Forsyte Saga. 8.05 Peter Grimes. Britten's opera of the sea, from the Snape Maltings. 10.30 That Was The Week That Was. †12.10-1.05 am Ella Fitzgerald Sings.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake up London. 9.30 "Island of the Lost." 11.00 Morning Worship. 11.45 Dangerous Journey. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by "Sky West and Crooked." starring Hayley Mills. 4.30 The Return of the Antelope. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Highway. 7.15 Child's Play. 7.45 Live From The Piccadilly. 8.45 News. 9.00 Inside Story. 10.00 Spitting Image. 10.30 The South Bank Show. 11.35 LWT *News* Headlines followed by End of Empire. 12.35 am *California Highways.* 1.00 Night Thoughts

CHANNEL 4

9.25 am Sunday East followed by Deewana. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Pob's Programme. †2.30 "Something In The Wind" starring Deanna Durbin. 4.10 The Mona Lisa Is Sad. †5.00 Coal Face. 5.15 News Summary followed by The Business Programme. 6.00 *American Football.* 7.15 Nasser: A Personal View by Mohamed Heikal. 8.15 Pillar Of Fire. 9.15 Work Isn't Finished. †10.15 "Kitty" starring Paulette Goddard and Ray Milland.

S4C WALES

9.00 am Hafoc. 10.00 The World This Week. 1.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Redbrick. 2.30 Grampian Sheepdog Trials. †3.00 Feature Film: "Once In A Lifetime" starring Jack Oakie. 4.45 7 Days. 5.15 The Business Programme.

6.00 American Football. 7.20 Newyddion. 7.30 Trebor. 8.00 Pobol Y Cwm. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Rhaglen Hywel *Gwynfryn.* 9.35 Priodi, Geni, Marw. 10.25 Paradise Postponed. 11.20 Scotland Yard

IBA Regions as London except at the following times:—

ANGLIA

1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. †2.30 Sunday Cinema: "How Green Was My Valley." 5.00 Crazy Like A Fox. 6.00 Bullseye. 11.35 End Of Empire. 12.35 am Men Of The Gospels.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook. 1.30 Getting On. 2.30 The Protectors. 3.00 Fall Guy. 4.00 Bullseye. 5.00 Scotsport.

CENTRAL

1.00 pm Getting On. 1.30 Here and Now. 2.30 "The Snows of Kilimanjaro" starring Gregory Peck, Susan Hayward and Ava Gardner. 4.30 The Fall Guy. 5.30 The Return of the Antelope. 6.00 Bullseye. 12.35 am Jobfinder.

CHANNEL

9.25 am *Today's Weather.* 9.26 Starting Point. 9.30 Island of the Lost. 11.00 A Meditation on Remembrance. 1.00 pm Les Francais Chez-Vous. 1.30 The Dolmen Builders. 1.45 Video Club. 5.00 Chips. 5.55 Bullseye. 6.25 Channel News Headlines.

GRAMPIAN

11.00 am At Home (Alex Moulton). 11.30 A Touch of Music. 1.00 pm Farming Outlook. 2.30 Feature Film: "Island in the Snow." 4.00 Bullseye. 5.00 Scotsport including Curling—The Famous Grouse Ayr International. 12.35 am Reflections.

GRANADA

1.00 pm Cartoon: Woody Woodpecker. 1.05 Aap Kaa Hak. 1.10 The Munsters. 1.40 This Is Your Right. 2.30 "To Catch a Thief," starring Cary Grant and Grace Kelly. 5.00 Candid Camera. 5.30 Down to Earth. 6.00 Bullseye. 11.35 Flying Start 86: The Final.

HTV

1.00 pm Getting On. 1.30 West Country Farming followed by Weather for Farmers. †2.30 The Sunday Matinee "Scared Stiff." 5.00 Me and My Girl. 5.30 Who's the Boss? 6.00 Bullseye. 6.35 HTV News.

HTV Wales—As HTV West except: 2.00-2.30 pm Wales on Sunday. 5.00-5.30 When the Chips are Down.

SCOTTISH

11.00 am Farming Outlook. 11.30 The Human Factor. 1.00 pm The Glen Michael Cavalcade. 2.00 No Easy Answer. †2.30 Sunday Matinee: "The Treasure of San Teresa," starring Eddie Constantine, Marius Goring and Dawn Addams. 5.00 Scotsport. 12.35 am Late Call.

TSW

9.25 am Look and See. 11.45 Postscript Diary for November. 11.55 Sky High. 1.00 pm The South West Week. 1.30 Farming News. 2.30 Sunday Matinee: "The Four Musketeers—The Revenge of Milady," starring Oliver Reed, Raquel Welch, Michael York and Faye Dunaway. 4.30 Gardens For All. Bullseye. 6.35 TSW News. 12.30 am Postscript Postbag.

TVS

9.25 am Employment Action. 1.00 pm Agenda. 1.30 Enterprise South. 5.00 Chips. 5.55 Bullseye. 6.25 TVS News. 12.35 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Getting On. 2.30 "The Incredible Shrinking Women" (Lily Tomlin stars). 4.15 Jasper Carrot—I've Got This Mole. 5.00 Redbrick. 5.30 Northern Life Sunday Edition. 6.00 Bullseye. 12.35 am Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Farming Ulster. 1.58 Farming Weather. †2.30 Sunday Matinee: "Tales of Manhattan" starring Charles Boyer, Rita Hayworth, Ginger Rogers and Henry Fonda. 5.00 *How Does Your Garden Grow?* 5.30 Lakeland Games. 6.00 Bullseye. 6.28 Ulster News. 8.57 Ulster News. 12.35 am Sports Results. 12.40 News at Bedtime.

YORKSHIRE

1.00 pm Getting On. 1.25 Farming Diary followed by Farming and Inshore Weather. 2.30 Sunday Cinema: "The Million Dollar Face," starring Tony Curtis and Sylvia Kristel. 4.15 The Smurfs. 5.00 Fifty-Fifty. 6.00 Bullseye. 12.35 Five Minutes. 12.40-6.00 am Music Box.

Denholm Elliott and Emlyn Williams in Past Caring: BBC1, 9.10 pm

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Teddy Johnson with your Radio 2 All-Time Greats. 2.00 pm Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 Moira Anderson Sings with the Langham Orchestra. 4.30 Sing Something Simple. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 *The Grumbleweeds.* 7.30 Come to the Ballet with Cormac Rigby. 8.30 Sunday Half-hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.45 Alan Clare at the piano. 11.00 Sounds of Jazz with Peter Clayton. 1.00 am Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

5.27 Gus Honeybun's Magic Birthdays. 5.30 The Return of the Antelope. 6.00

BBC RADIO 3

7.00 am News. 7.05 Beecham Conducts (Handel arr. Beecham, Mozart, Chaikovsky, Delius). 9.00 News. 9.05 Your Concert Choice (Strauss, Haydn, Schubert, Schmidt). 10.30 Music Weekly. 11.15 Dang Thai Son. Piano recital (Chopin, Debussy, Prokofiev). 12.15 pm *European Gala Concert:* Berio, Britten and Beethoven. 1.40 The Shaba Sound (Chamber music by Handel, Maconchy, Besozzi and Jonathan Harvey). 2.15 Brahms: Piano Quintet. 3.00 Glinka Kapella of Leningrad. 3.55 The First Russian Choir (history of the choir). 4.15 Glinka Kapella (part 2) *music* by Russian composers. 5.30 A Bolt from the Blue—founders of the Moscow Art Theatre. 6.15 Liszt and the Piano: Recital. 7.00 Your Distinguished Brother (Short story). 7.20 Britten performs Mozart. 8.10 Shakespeare Reconsidered: Oxford Shakespeare. 8.30 Concert (part 2: Symphony No 40). *9.15 In Arthur's Seat: A Programme for* Parapsychology. 9.45 Sofia Gubaidulina: Violin Concerto. 10.40 Haydn: Fortepiano *recital.* 11.25 Russian Orthodox Chant. 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday: Religious news. 8.50 *Richard Whitmore talks about* the Camphill Village Trust. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service (S). 10.15 The Archers. 11.15 Pick of the Week (S). 12.25 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World this Weekend. 1.55 Shipping Forecast. 2.00 News. Gardeners' Question Time. 2.30 The Afternoon Play by Robert Carver (S). 3.30 Through An Open Door. 4.00 News, the Food Programme. 4.30 The Radio Programme. 5.00 News. Travel. 5.05 Down Your Way.

5.50 Shipping Forecast. 5.55 Weather. 6.00 *News.* 6.15 Weekend Woman's Hour. 7.00 *Pendennis* by William Makepeace Thackeray (S). 8.00 Bookshelf. 8.30 In Praise of God (S). 9.00 News. Father Brown Stories (S). 9.30 Law in Action. 9.56 Weather; Travel. 10.00 News. 10.15 You the Jury (S). 11.00 News. 11.15 Before the ending of the day (S). 11.30 Music from the People (S). 11.45 Kane's Tales from Shakespeare.